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Japan

Gorbachev Remarks on Troop Cuts Hailed OW1901040289 Tokyo KYODO in English 0315 GMT 19 Jan 89

[Text] Tokyo, Jan. 19 KYODO—Prime Minister Noboru Takeshita on Thursday hailed Soviet leader Mikhail Gorbachev's announcement that 200,000 Soviet troops will be removed from the "eastern part of the country" as part of its unilateral cut of 500,000 troops.

Takeshita, asked to comment by reporters at his official residence, said "It is very good."

The prime minister said he had previously wondered if the Soviet Union might redeploy its troops which are removed from Europe.

Gorbachev announced the plan to remove troops from Asia in a meeting in Moscow on Wednesday with members of the trilateral commission, which comprises leading political and business figures in Japan, the United States and Europe.

Chief Cabinet Secretary Keizo Obuchi told a morning press conference that the government has not confirmed the TASS story which reported Gorbachev's remark.

The chief government spokesman said Japan will cautiously watch whether the Soviet Union will implement Gorbachev's proposal.

Obuchi said he has no information about which area Gorbachev meant by "eastern" region.

TASS quoted Gorbachev as saying that "We are reducing the armed forces. The cuts will amount to 12 percent of their strength..."

Out of 500,000 men to be reduced in the army and navy, 240,000 will come from the European part of the country, 200,000 from the eastern part and 60,000 from the south, TASS quoted Gorbachev as saying.

Trade Surplus Declines 2.9 Percent in 1988 OW1801132889 Tokyo KYODO in English 1019 GMT 18 Jan 89

[Text] Tokyo, Jan. 18 KYODO—Japan, under pressure to mend its export-driven economic structure and whittle down its trade surplus, saw its trade surplus fall to 77.4 billion dollars in 1988, down 2.9 percent from a year ago, the second straight year-on-year fall, the Finance Ministry said Wednesday.

Japan exported 264.9 billion dollars worth of products worldwide, sharp 15.6 percent rise in 1988, while it imported 187.5 billion dollars worth, 25.4 percent rise, according to the ministry's preliminary report.

In comparison, calendar year 1987 saw Japan's exports to the rest of the world rise 9.6 percent year-on-year, while imports gained 18.2 percent, the ministry said.

Japan's trade surplus in December, 1988, hit a record monthly high of 9.65 billion dollars, bolstered chiefly by shipment of high technology electronics products and automobiles to Europe, Southeast Asia and the United States, it said.

The record monthly surplus exceeded the previous peak of 8.95 billion dollars in September, 1986.

In December Japan exported a record 26.08 billion dollar worth of commodities, while its imports reached a record 16.43 billion dollars during the month, the ministry said.

The ministry said it compiled the preliminary export figures on a calculation basis that the dollar's exchange rate averaged 122.34 yen per dollar in the month.

The exchange rate compared same with a rate of 132.21 yen per dollar for the month a year ago.

The ministry compiled the preliminary import figures on the basis of an average exchange rate of 122.21 yen per dollar in December, 1988.

The country's trade surplus with the United States, Japan's biggest trading partner, in 1988 fell 8.63 percent to 47.6 billion dollars, the ministry said.

Although exports to the U.S. maintained a 7.2 percent rise to 89.6 billion dollars, imports rose 33.4 percent to 42.0 billion dollars.

Japan boosted its shipments of office automation equipment and semiconductor chips by 19 percent and 12 percent, respectively, while domestic consumption helped raise imports of U.S.-made food, lumber products and computerized office equipment.

Japan's trade surplus with the European Community (EC) rose 10.94 percent to 22.8 billion dollars in 1988, spurred by growing exports of automobiles, auto parts and office automation equipment.

Japan exported 46.9 billion dollars worth of products, up 24.3 percent, to the EC and imported 24.1 billion dollars worth, a 36.2 percent rise, the ministry said.

Major import items from the EC were automobiles, up 39.8 percent, nonferrous metals, up 134.2 percent, textiles, up 34.8 percent, jewelry, up 43.3 percent and pharmaceuticals, up 33.9 percent.

The trade surplus with Southeast Asia rose 19.75 percent to 19.1 billion dollars, the ministry said.

Japan exported 67.1 billion dollars worth of products, up 26.6 percent and imported 48.0 billion dollars worth of products, up 24.2 percent.

Government Adopts Policy Outline for Budget
*OW1801143689 Tokyo KYODO in English 1126 GMT
18 Jan 89*

[Text] Tokyo, Jan. 18 KYODO—The government on Wednesday adopted a set of guidelines for compiling the fiscal 1989 budget which emphasize the continuing implementation of administrative and fiscal reforms.

The outline was approved at an extraordinary cabinet meeting on the eve of the announcement of a draft budget compiled by the Finance Ministry. It recognizes that Japan's state finances have been plagued by chronic revenue shortages and stresses the need to eliminate deficits as soon as possible, officials said.

Noting that outstanding government bonds are estimated to reach 158 trillion yen at the end of fiscal 1988 on March 31, the outline urges that the flotation of new government bonds be minimized in a bid to achieve the government goal of terminating flotation of deficit-covering bonds in fiscal 1990.

According to the guidelines, the issuance of new government bonds will be trimmed by 1.73 trillion yen in the fiscal 1989 budget from fiscal 1988 to 7.11 trillion yen.

The guidelines also call for the government to hold down personnel costs and other ordinary spending, as well as reduce subsidies.

Draft Budget Presented
*OW1901081389 Tokyo KYODO in English 0733 GMT
19 Jan 89*

[Text] Tokyo, Jan. 19 KYODO—The Finance Ministry on Thursday presented the draft of a 60.41 trillion yen fiscal 1989 budget intended to continue expansion of domestic demand and share greater international responsibility while sticking to the government's fiscal reconstruction goal.

The draft budget, approved at the day's extraordinary cabinet meeting, calls for outlays of 60,414.2 billion yen (491.8 billion U.S. Dollars at an exchange rate of 123 yen per dollar) in the general account in fiscal 1989 starting April 1, up 6.6 percent from the original fiscal 1988 budget.

The 6.6 percent jump represents the biggest year-on-year rise since the 9.9 percent increase in fiscal 1981, ministry officials said. The tax revenue increase is projected at 5,920 billion yen.

General expenditures for policy implementation will also increase by 3.3 percent to 34,080.5 billion yen, the biggest year-on-year rise since fiscal 1981, according to the draft.

With the disclosure of the draft budget, the Finance Ministry began negotiations with other government ministries and agencies seeking restoration of cuts in their budget requests.

The government is scheduled to come up with a final version of the fiscal 1989 budget next Tuesday.

The draft budget features a 22.6 percent increase in allocations of revenues to local governments and a marginal 1.3 percent rise in debt-servicing outlays.

The general account consists of three items—general expenditures or net government spending, debt-servicing expenses and allocations to local municipalities.

The draft budget calls for a 5.9 percent increase in Official Development Assistance (ODA) expenditures to some 740 billion yen and a 5.2 percent rise in defense outlays to 3,892.7 billion yen, while holding down public works spending to the current fiscal year's level.

It allows allocations for public works in the general account of 6,197.4 billion yen, up 1.9 percent from fiscal 1988, and the slight growth is attributed to the introduction of a 3 percent consumption tax, effective April 1, the officials said.

Interest-free loans for public works will be pegged at 1.3 trillion yen in fiscal 1989, the same as in the current fiscal year. The money stems from the sale of government-owned shares in Nippon Telegraph and Telephone Corp. (NTT), the officials said.

The leveling off of public works outlays stems from fears of overheating the economy, they said.

The government fixed the economic growth target for fiscal 1989 at a real 4.0 percent, calculating on a positive 4.7 percent growth in domestic demand and a shrinkage of 0.7 percent in external demand.

The draft budget as a whole will have a "neutral" effect on Japan's economy, which has been growing due to burgeoning personal consumption and private-sector plant and equipment investment, the officials said.

It also slashes the flotation of new government bonds as a revenue source to 7,111.0 billion yen. Borrowing through bond offerings accounts for 11.8 percent of the total budget, the lowest ratio since fiscal 1975 when it stood at 9.4 percent.

Finance Minister Tatsuo Murayama said Wednesday, "I have a feeling that Japan's fiscal reconstruction has finally gone into orbit."

However, he added that the state finances remain severe on the grounds that outstanding government bonds are expected to reach 162 trillion yen at the end of fiscal 1989, boosting debt-servicing costs.

Meanwhile, the government-proposed expenditures of 32,366 billion yen for its investment and loan program for fiscal 1989 topped the 30 trillion yen level for the first time ever, the officials said.

Outlays to the Export-Import Bank of Japan and the Overseas Economic Cooperation Fund will soar by 25.3 percent to 852 billion yen and by 15.7 percent to 568 billion yen, respectively, reflecting Japan's commitment to recycle funds to developing countries, they said.

The program, financed by government-controlled funds such as postal savings and public pension funds, is usually called the second budget because its outlays are not consolidated with the general account budget but covers major public works projects.

Defense-related expenditure totaling 3.89 trillion yen will account for 0.999 of gross National Product (GNP) projected at 389.7 trillion yen.

Among them, outlays to employees working at U.S. Bases of Japan will increase by 54.1 percent to 32.2 billion yen in line with a revision of a Japanese-U.S. Special arrangement, the officials added.

'Main Points' Noted

OW1901062989 Tokyo KYODO in English 0554 GMT
19 Jan 89

[Text] Tokyo, Jan. 19 KYODO—The following are main points of the draft fiscal 1989 budget presented by the Finance Ministry Thursday.

- The general account budget will total 60.41 trillion yen, up 6.6 percent from the previous year, the sharpest increase since a 9.9 percent hike in fiscal 1981.
- Revenue from tax and stamp duties will grow 13.1 percent, accounting for 84.4 percent of the total revenue, the highest ratio since 88.1 percent in fiscal 1971.
- The revenue from a 3 percent consumption tax, scheduled to be introduced April 1, is estimated at some 3 trillion yen for the initial year.
- The issuance of national bonds is to be sharply reduced—by 1.73 trillion yen—to 7.11 trillion yen. The dependence ratio of the general account budget on bond issuance is to stand at 11.8 percent, down from 15.6 percent in fiscal 1988.
- Public works expenditure is to remain unchanged from fiscal 1988.
- Defense spending will grow 5.2 percent, with its ratio to gross national product (GNP) to stand at 0.999 percent compared with 1.013 percent under the fiscal 1988 budget.
- Official development assistance (ODA) expenditures will be expanded by 5.9 percent.

Breakdown of Budget

OW1901080989 Tokyo KYODO in English 0659 GMT
19 Jan 89

[Text] Tokyo, Jan. 19 KYODO—The outline of the fiscal 1989 draft national budget issued by the Finance Ministry on Thursday is as follows (figures are millions of yen, year-to-year percentage changes):

Revenue

Tax and Stamp receipts	51,010,000	13.1
Other Revenues	2,293,194	-17.2
National Bonds	7,111,000	-19.6
Total	60,414,194	6.6

Expenditures

National Debt Expenses	11,664,867	1.3
Allocation of State Revenue to Local Govt's	13,368,840	22.6
Carry-over to Special Account for Industry	1,300,000	0.0
General Expenditures	34,080,487	3.3

Breakdown of General Expenditures

Social Security	10,847,832	4.5
Education and Science	4,862,794	0.1
Pensions and Others	1,828,161	-2.7
National Defense	3,892,748	5.2
Public Works	6,130,691	1.9
Disaster Relief Expenses	66,721	2.5
Economic Cooperation	718,819	5.4
Measures for Small Business	189,765	-2.8
Energy Measures	523,398	13.4
Foodstuff Control	415,325	-7.3
Other Expenses	4,174,233	6.0
Reserves	350,000	0.0
Unadjusted expenses	80,000	—
Total	34,080,487	3.3

Defense Increases 5.2 Percent

OW1901074789 Tokyo KYODO in English 0622 GMT
19 Jan 89

[Text] Tokyo, Jan. 19 KYODO—The Finance Ministry on Thursday fixed Japan's provisional defense budget at 3.89 trillion yen for fiscal 1989, an increase of 5.2 percent but just below the controversial level of 1 percent of gross national product (GNP).

The defense expenditure figures were contained in the Finance Ministry's draft national budget for the new fiscal year beginning April 1.

The proposed defense budget of 3,892.75 billion yen accounts for 0.999 percent of Japan's projected GNP of 389.7 trillion yen for fiscal 1989, while taking up 6.4 percent of the total general account budget of 60,414.2 billion yen.

The new defense figures represent an increase of 192.42 billion yen over the outlay of 3,700.33 billion yen for the current fiscal year, which was itself 5.2 percent higher than that for fiscal 1987.

Finance Ministry officials denied any specific intention of containing the budget below the 1 percent-of-GNP level, but added that they "were not incognizant" of the spirit of the now-defunct policy.

The taboo was first breached by the government in the fiscal 1987 budget amid strong opposition, at which time it was viewed as a major psychological breakthrough.

Defense expenditures, however, will most likely be raised to above the 1 percent mark for the third consecutive time following a week-long period of last-minute bargaining between the Defense Agency and the Finance Ministry, before the final version of the government's budget is unveiled Tuesday and subsequently submitted for approval to the Diet.

The 5.2 percent increase for fiscal 1989 falls short of the Defense Agency's request last August for a 6.13 percent boost to 3,927 billion yen.

Defense Agency officials have argued the amount is necessary to keep Japan's military in step with the government's mid-term defense buildup program, a five-year, 18.4 trillion yen project extending through fiscal 1990.

The officials have noted the comparatively low defense growth rate in recent years due to the steadying of Japan's GNP growth.

They have sought increased allocations to counter what they call a heightened Soviet military presence in Asia and to demonstrate Japan's sincerity in weaning itself of overdependence on the United States, from which repeated calls for increased "burden-sharing" have emanated.

The defense budget earmarked 8.68 billion yen for research and development, of which some 1.1 billion will go into work on the FS-X, Japan's next-generation support fighter, which Japanese companies are co-developing with U.S. companies led by General Dynamics Corp.

The allocation for FS-X research in fiscal 1989 is five times higher than that for the current fiscal year.

The budget also boosts financial support for U.S. military facilities in Japan, including a contribution of some 5.32 billion yen to the salaries of Japanese employees working at U.S. facilities, a 29.4 percent increase over the allotment for the current fiscal year.

Japanese taxpayers will also finance construction of night-landing practice (NLP) facilities on Iwo Jima island and construction of the Ikego housing area near Yokosuka for U.S. Navy personnel.

Japan now provides the best host nation support program for U.S. troops of any ally worldwide, U.S. officials have said recently.

Judging by Japanese government calculations, Japan's defense-related expenditures follow closely on the heels of those of Britain, France and West Germany.

By more widely accepted NATO calculations, which include some personnel costs not considered in Japanese estimates, Japan has already surpassed its allies in Western Europe to place third in the world after the United States and the Soviet Union.

Despite having one of the world's largest defense budgets, Japan's defense expenditures as a proportion of its massive GNP place the nation as the smallest spender of any Asian country or any major industrial power.

Investment Program To Increase

OW1901074889 Tokyo KYODO in English 0557 GMT
19 Jan 89

[Text] Tokyo, Jan. 19 KYODO—The cabinet on Thursday approved the Finance Ministry's preliminary proposals calling for a 9.3 percent increase to 32.37 trillion yen in the government's fiscal 1989 investment and loan program.

The program will pass the 30 trillion yen mark for the first time and represents an overall outlay surge, up from the current fiscal year's 6.2 percent rise, ministry officials said. Fiscal 1989 starts on April 1.

The program, financed chiefly from government-controlled public funds such as postal savings and public pension funds, is referred to as the "second budget" as its outlays, while financing most major public works projects, are not consolidated with general account expenditures.

Ken Sato, chief of the First Fund Planning and Operation Division of the ministry's Financial Bureau, told reporters the program "is designed to realize the steady improvement of social infrastructure with an eye to attaining sustained expansion of domestic demand."

The draft program also called for allocating 568 billion yen to the Overseas Economic Cooperation Fund (OECF) to help attain Japan's fourth medium-term official development assistance (ODA) plan, which envisions doubling ODA disbursements to 50 billion dollars in five years in the fiscal 1988-1992 period.

The allocation for the OECF marks a 15.7 percent rise, while the Export-Import Bank of Japan will see its allocation shoot up 25.3 percent to 852.0 billion yen in fiscal 1989, the ministry officials said. A part of the outlays related to the government bank will be used to finance untied loans to developing countries.

The program's aid-related spending will account for a substantial part of overall Japanese foreign aid, the officials said.

Sato said the program is also designed to help live up to Japan's international commitments to plow back 20 billion dollars of its trade surpluses into cash-strapped developing nations to "contribute to the welfare of the global community."

When planned outlays for several government units' portfolio investment management are subtracted, the program is projected to increase 3.0 percent to 26.10 trillion yen, the officials said.

Outlays for portfolio investment management by the ministry's trust fund bureau and two semigovernmental units alone will register a 46.8 percent leap to 6.27 trillion yen, they said.

The budgetary proposals called for appropriating 5.08 trillion yen for the government-financed Housing Loan Corp., up 7.9 percent, while other semigovernmental financial institutions will receive a total of 7.84 trillion yen, up 6.5 percent, to finance their low-interest credits to industry.

Loan and investment outlays to be allocated to local governments will be held down to 4.21 trillion yen, registering a sharp 11.3 percent fall, the officials said.

ODA Assistance To Increase

OW1901063289 Tokyo KYODO in English 0550 GMT
19 Jan 89

[Text] Tokyo, Jan. 19 KYODO—Japan's official development assistance (ODA) budget will rise 5.9 percent to 740 billion yen in fiscal 1989, starting April 1, according to a draft budget submitted Thursday by the Finance Ministry.

Finance Ministry officials said the draft ODA budget, up 6.4 percent from the previous year in dollar terms at an exchange rate of 123 yen to the U.S. unit, is sufficient to honor a commitment made by Prime Minister Noboru Takeshita to double Japan's ODA to over 50 billion dollars in five years between fiscal 1988 and 1992.

Takeshita made the pledge last June in Toronto at a summit meeting involving the leaders of the seven largest industrial democracies.

The draft budget fell well short, however, of the goal of a 10.4 percent increase to 773.8 billion yen requested last August by 16 ministries and agencies which deal with ODA.

In the proposed budget, bilateral grants for economic development will total 154.1 billion yen, including 29.2 billion yen in debt relief for the world's poorest countries, up 4.8 percent over the 147.1 billion yen allocated for fiscal 1988.

Funds to help developing countries increase food output or purchase food will decrease by 8.4 billion yen to 37.6 billion yen because of price reductions on food, agricultural chemicals and fertilizers.

Funds for bilateral technological cooperation will rise 4.9 percent to 145.8 billion yen from 139.1 billion yen.

Contributions to international bodies such as the United Nations will drop 5.8 percent to 92.8 billion yen, but register a 5 percent increase in dollar terms due to the yen's appreciation against the dollar.

Loans to developing nations will increase 6.4 percent to 261 billion yen from 245.3 billion yen as part of Japan's pledge to recycle 20 billion dollars out of its swelling trade surplus to developing countries.

Japan provided 7.45 billion dollars in ODA in calendar 1987, the largest amount after 8.9 billion dollars by the United States. The foreign minister predicts Japan will replace the U.S. as the world's largest aid donor in a year or two.

LDP Panel Begins Political Reform Talks

OW1801131389 Tokyo KYODO in English 1002 GMT
18 Jan 89

[Text] Tokyo, Jan. 18 KYODO—A panel of the ruling Liberal Democratic Party started discussions on political reform Wednesday, with Prime Minister Noboru Takeshita calling for in-depth debate on the issue.

Speaking at the first meeting of the 41-member panel at the LDP headquarters, Takeshita said the Recruit Cosmos stock trading scandal, which involves top LDP politicians, concerns the ethics of individual politicians as well as problems of stock exchange, tax and criminal laws.

Masaharu Gotoda, the former chief cabinet secretary, who chairs the committee, told committee members he hopes to restore national confidence in politics.

Gotoda told reporters after the meeting that unless political reforms are implemented popular indifference to politics and distrust of politicians would escalate.

The panel agreed to discuss establishment of political ethics and a new political system, and reform of the electoral system, political funds, the LDP and the Diet, Gotoda said.

The panel aims to reach solutions on taxation on fund-raising parties and redistribution of constituency seats in the Diet within the current Diet session, he said.

Problems of transactions of shares and real estates by politicians will be also discussed, Gotoda said.

The question of political ethics came to the fore after the Recruit Cosmos scandal erupted in June last year.

Kiichi Miyazawa, who was the only cabinet minister named in a list of recipients of unlisted shares of the real estate firm Recruit Cosmos, resigned on December 9 as deputy prime minister and finance minister.

Takashi Hasegawa stepped down as justice minister on December 30 after being in office for only 60 hours. He was under fire for having received political funds from the information conglomerate Recruit Co. for over 12 years.

Agreement Reached on Night Landing Practice
OW1801144889 Tokyo KYODO in English 0944 GMT 18 Jan 89

[Text] Tokyo, Jan. 18 KYODO—The Japanese Government and U.S. Forces in Japan have agreed to allow U.S. military planes to begin night landing practice on the Pacific island of Iwo Jima, the Defence Facilities Administration Agency said Wednesday.

The agency requested that about 7.3 billion yen in next fiscal year's budget be allocated to building necessary facilities for night landing practices, such as a runway and lighting facilities.

U.S. Forces plan to begin the practices as soon as preparations are concluded, possibly as early as this summer.

The agency said that Japan and the U.S. forces have agreed that the measure is only a temporary one to be applied until plans for establishing night landing practice facilities on Miyake Island, South of Tokyo, are realized.

The planes, from the U.S. aircraft carrier Midway, based at Yokosuka, have been conducting landing practice at Atsugi, but are being moved because of complaints from local residents about noise.

The agency's earlier proposal for moving the landing practice to Miyake Island, had been objected to by local residents.

North Korea

Kwangju Students' Attack on U.S. Center Noted
SK1901045189 Pyongyang KCNA in English 0426 GMT 19 Jan 89

[Text] Pyongyang January 19 (KCNA)—Over 300 students of universities affiliated with the special measure committee for the punishment of main culprits of the May massacre in Kwangju, raided the "U.S. cultural centre" in Kwangju and the puppet Kwangju district prosecutor's office on January 18, according to reports.

That day, some 100 students of Chonnam University attacked the "U.S. cultural centre" in Kwangju, breaking through the fascist suppressive cordon, and smashed windows. Some students climbed up onto the roof of the "cultural centre" and shouted in high spirits "Drive out Yankee imperialism" and "Down with U.S. imperialism" and other anti-U.S. slogans, while students who broke into the compound of the building, held a placard reading "Punish No Tae-u and Yankee, the enemies of our nation."

When the "U.S. cultural centre" in Kwangju was being raided, many students and citizens nearby extended warm encouragement to their struggle.

Irritated by this, the fascist clique dispatched a large number of riot police who frantically cracked down upon students who rose in the anti-U.S. struggle, firing tear-gas canisters at them and walked away two students of Chonnam University.

At the same time, some 200 students of Choson University made a sudden attack at the puppet Kwangju district prosecutor's office.

They fought valiantly, chanting "Punish Chon Tu-hwan and No Tae-u, the arch culprits of the May massacre" and other slogans.

Reagan Attempts To 'Conceal' U.S. Difficulties
SK1501082389 Pyongyang KCNA in English 0815 GMT 15 Jan 89

["Sophism of Hypocrite"—KCNA headline]

[Text] Pyongyang January 15 (KCNA)—Reagan in an economic report submitted to Congress on January 10 let loose a string of disgusting self-praise to the effect that over the last eight years he had made the "second American revolution" next to the independence war of the USA by realising the longest business boom and control of inflation in history, according to a report.

The next day, January 11, he made a "farewell address" over television and claimed again that during his tenure of office the U.S. economy made a growth rarely to be seen in history.

It can be said, in a nutshell, that his claim is a sophism of a hypocrite.

What did Reagan bring to the U.S. economy during his tenure of office? It is not "business boom" and "growth" but recession and decline. It is not the so-called "second American revolution" but the most grave catastrophic crisis.

This is proved by the actual situation of the United States.

In fact, during Reagan's tenure of office, the decline of the U.S. economy became pronounced, the position of "kingdom of dollar" fell to the ground and the United States became the world's largest debtor nation from the world's largest creditor nation.

In this period, the national deficit of the United States trebled to amount to 3,000 billion dollars, the foreign debts to 400 billion dollars and the United States was driven to a corner so that it had to draw a red-ink budget every year.

The inflation went from bad to worse and the streets are crowded with eight million jobless people and 60 million paupers.

This is the true picture of the "economic prosperity" advertised by Reagan and a product of the "second American revolution."

Reagan did not confess the truth but beautified the reality with a view to refurbishing his ugly image, laying a political foundation for garnering support of the American people to the Bush administration which took over the power relay baton of the Republican Party and defending U.S. imperialism which is rotting from within and racing toward a catastrophic crisis.

With no sophism and attempt, however, can Reagan conceal or lessen the present serious crisis and difficulties facing U.S. imperialism.

Gregg To Continue 'Intelligence Politics'
SK1501082789 Pyongyang KCNA in English
0821 GMT 15 Jan 89

[Text] Pyongyang January 15 (KCNA)—NODONG SINMUN today is signed commentary notes that the U.S. imperialists appointed Gregg, an old agent of the C.I.A., ambassador to South Korea with the aim of continually strengthening their intelligence politics to

maintain the shaking colonial ruling system in South Korea where the anti-American sentiments for independence have been running higher rapidly since the Kwangju popular uprising.

The commentary says:

The U.S. imperialists who have maintained the colonial ruling system through the intelligence politics appointed Gregg ambassador to South Korea at a time when the struggle for independence, democracy and reunification there is growing in scope and developing into a massive movement involving people of all walks of life and the No Tae-u military dictatorship is facing a serious crisis. It is not hard to gather that his "career" as a one-time chief of the South Korean branch of the U.S. C.I.A. did much to help him in this.

They intend to block the daily expanding and developing anti-U.S. independence and reunification movement of the South Korean people by appointing as the colonial "governor-general," a higher post, the old agent who has garnered many "experiences" in intriguing and plotting against reunification and democracy in South Korea.

In view of the U.S. ruling quarters' expectation of him, it is as clear as noonday that Gregg will try to do his best to bring under control the unstable political situation and the crisis of the colonial rule in South Korea, making a show of his authority as the colonial "governor-general" in South Korea and his "talents" as a spy agent.

However, Gregg will be unable to have a sweet dream in South Korea, just as his predecessors like Walker and Lilley had been unable to, and his plot-breeding activities will only result in further bringing the United States to the fore as a target of the South Korean people's struggle, stresses the commentary.

Gregg Called 'Governor-General'
SK1401101089 Pyongyang KCNA in English
0958 GMT 14 Jan 89

[Text] Pyongyang January 14 (KCNA)—The U.S. imperialists appointed Gregg who had served at the U.S. Central Intelligence Agency for nearly 30 years the 15th U.S. ambassador to Seoul, as was already reported.

He was engaged in intelligence activities in Asia for 18 years and worked as the chief of the South Korean Branch of the C.I.A. from 1973 to 1975.

By appointing one old agent of the C.I.A. after another the ambassador to Seoul, that is, the colonial "governor-general," the U.S. imperialists seek to intensify the intelligence politics to prop up the tottering colonial ruling system in South Korea swept by a wave of anti-American sentiments after the Kwangju incident.

In selecting Gregg as the U.S. ambassador to Seoul, the colonial "governor-general," to replace Lilley the U.S. imperialists attached special attention to his "career."

In order to put down the growing desire of the South Korean people for reunification with the 1990s at hand, they assigned the post of colonial "governor-general" to this villain who gained experience in anti-reunification, anti-democratic intrigues in South Korea as a top-class agent of the C.I.A. already in the early part of the 1970s.

This criminal act of the U.S. imperialists makes the South Korean people see the neo-colonialist nature of U.S. imperialism more clearly and it will [words indistinct] anti-American sentiments.

Further on Gregg Appointment
SK1501085789 Pyongyang Domestic Service
in Korean 0018 GMT 15 Jan 89

[NODONG SINMUN 15 January commentary: "Intelligence Politics Alone Cannot Bring Crises Under Control"]

[Text] By appointing in succession people having long careers as agents of the notorious U.S. CIA to the post of U.S. ambassador to Seoul, the U.S. imperialists are arousing suspicions and giving rise to problems among the various sectors of South Korea.

Donald Gregg, national security affairs assistant to the U.S. vice president, who a few days ago was named to the position of 15th U.S. ambassador to Seoul, is a well-versed intelligence officer who has cultivated his ability while serving in the U.S. CIA for nearly 30 years. He is a person who is regarded as a first-rate South Korea specialist in the U.S. administration. He devoted 18 years of his service at the U.S. CIA to espionage activity in the Asian region and carried out underground machinations among other things as the man in charge of the U.S. CIA branch based in Seoul from 1973 to 1975.

As is known, James Lilley, who was recently recalled to Washington after serving as U.S. ambassador to Seoul since 1986, is also a veteran intelligence agent who had been engaged in espionage activity while serving at the U.S. CIA for 27 years.

Behind the successive appointments of veteran U.S. CIA intelligence agents to the post of U.S. ambassador to Seoul, the U.S. imperialists are pursuing the goal of continually intensifying the intelligence machine politics to prop up the unstable colonial rule in South Korea where the spirit of anti-U.S. struggle for independence is rapidly growing in the wake of the Kwangju popular uprising.

It is no secret that the U.S. imperialists, who have long operated a branch of the U.S. CIA in Seoul, have devoted themselves to underground machinations and subversive acts in South Korea which is under their supervision and control.

As obviously indicated in the remarks of Allen Dulles, former director of the U.S. CIA, who confessed: The most successful of the U.S. CIA undertakings abroad during my service at the agency was the 16 May coup d'etat in South Korea, it was none other than the U.S. CIA that encouraged the traitor Pak Chong-hui to stage a coup d'etat in South Korea and replaced him with another running dog after beheading him. And it was none other than the U.S. CIA that staged the farce of prolonging the dictatorship from one military thug, Chon Tu-hwan, to another, No Tae-u.

It is clear to everybody that it was due to the special importance attached to the personal background of Gregg who once headed the South Korean branch of the U.S. CIA that the U.S. imperialists, who have maintained the colonial ruling system based on intelligence politics, have now appointed him to the post of U.S. ambassador to Seoul at a time when the struggle for independence, democracy, and reunification is expanding and developing into a mass movement with various sectors lined up behind it and when the No Tae-u military dictatorship is faced with a serious crisis.

Gregg was active in South Korea during a grave period in which the dialogue between the North and South that had been arranged after twists and turns was ruptured due to the raging fascist Yusin terror rule and the South Korean people's struggle for democracy and national reunification faced a new ordeal because of the abduction of Kim Tae-chung and the repeated issuance of murderous emergency measures.

By appointing a veteran intelligence agent who acquired experience in anti-reunification and anti-democratic plots during his service in South Korea to the post of colonial governor-general, a notch above his former job, the U.S. imperialists are now trying to block the ever-expanding anti-U.S. movement of the South Korean people for independence and reunification.

Judging from the aforementioned scheme of the dominant forces in the United States, it is as clear as the noonday sun that Gregg will devote himself to bringing under control the uneasy political situation in South Korea and the crisis facing their colonial rule, while wielding the authority of a colonial governor-general and the finesse of a crafty intelligence agent.

Because of his background as an intelligence agent, which is unbecoming of a diplomatic career, and his criminal act of having controlled the barbarous Yusin dictatorship from behind the scenes, Gregg has become the target of the South Korean people's hatred and indignation even before he sets foot on South Korean soil. Commenting on the appointment of Gregg to the post of ambassador, the South Korean papers warned that the U.S. view of South Korea as a subject to deal with in terms of intelligence and operations and not as a subject to deal with in diplomatic terms will fuel the South Korean people's anti-U.S. sentiment.

Like his predecessors such as Walker and Lilley, Gregg will never be at ease in South Korea and his machinations will result in branding the United States as a target of struggle by the South Korean people.

The U.S. imperialists should leave South Korea without delay, taking along the troops of aggression and nuclear weapons as demanded by the South Korean people and abandoning their anachronistic colonial rule designed to block the righteous advance of the aroused South Korean people with fascist politics sustained by intelligence activities.

Daily on U.S. Chemical Weapons 'Plan'
SK1801102489 Pyongyang KCNA in English
1018 GMT 18 Jan 89

["Vicious Challenge to Desire of the Times"—KCNA headline]

[Text] Pyongyang January 18 (KCNA)—MINJU CHO-SON today comments on the United States' plan to produce and deploy one million pieces of new-type binary chemical weapons in ten years to come.

This long-term chemical weapons build up plan is a vicious challenge to the unanimous desire and wish of the world peace-loving people who demand an early termination of the development, production and use of chemical weapons and their complete dismantling, says the signed commentary, adding:

At a time when the elimination of chemical weapons has become the urgent task in removing the danger of world war and realising disarmament, the U.S. imperialists are putting spurs to the development, production and deployment of chemical weapons, ignoring the demand of the times.

What is noteworthy in this reckless program is that they intend to preferentially and intensively deploy chemical weapons in strategic vantage, the first place being South Korea.

It is an open secret that the U.S. imperialists have stockpiled a large amount of poisonous materials equivalent to 25,000 drums in South Korea and Japan. They have brought ten odd poison gas factories into South Korea and are producing there chemical weapons of various types and ceaselessly staging large-scale military games for chemical warfare.

This is a criminal act aimed to impose chemical scourges upon the Korean and other Asian peoples, and this is a factor of the strained situation in this region.

It is the height of sarcasm that the U.S. imperialists, the chieftain of the production of chemical weapons and chemical warfare, are accusing others of producing chemical weapons.

The U.S. imperialists must stop the development and production of chemical weapons going against the trend of detente and discontinue their stockpile and use.

Daily Says Terrorism U.S. 'State Policy'
SK1501084089 Pyongyang KCNA in English
0829 GMT 15 Jan 89

[Text] Pyongyang January 15 (KCNA)—NODONG SINMUN today in a signed commentary notes that the U.S. imperialists who shot down Libyan planes are now clamouring about "anti-terrorism," describing their terrorist act as "self-defensive."

Requesting Congress to endorse an "anti-terrorism accord" a few days ago, Reagan said that he was "anxious" about the activities of terrorists and that terrorism must be "prevented." And a spokesman for the U.S. state department and the U.S. ambassador to the United Nations openly hurled slanders at Libya, terming it "a terrorist state."

It is the height of folly that the U.S. imperialists are now talking about "anti-terrorism," the commentary says, and goes on: Terrorism is the state policy of the United States. The general headquarters of international terrorism is no other than the United States.

The U.S. imperialists are resorting to all means and method of terrorism for their insidious purposes, such as clandestine terrorism, undisguised terrorism of making military attacks openly after inventing various pretexts, direct terrorism and indirect terrorism through their bribed minions and human scum. The military coups or assassinations of progressive personages committed by the United States in different countries by terrorist methods since the Second World War number hundreds of cases.

The U.S. ruling quarters' talk about "prevention of terrorism" is intended to veil their ugly face and intensify terrorist operations in different parts of the world under that pretext and thereby strike the nations which refuse to obey them.

The slanders and vilifications of the U.S. ruling quarters groundlessly taking issue with those countries which have nothing to do with terrorism only go to prove that their talk about "anti-terrorism," "prevention of terrorism," is nothing but a pretext for mounting terrorist attacks on anti-imperialist, independent countries.

The U.S. imperialists are trying to more actively use terrorism as an important weapon for the execution of their aggressive policy by abusing the atmosphere of detente which is now being created by degrees in the international relations.

'Team Spirit' Exercise Declared Dangerous

*SK1801155689 Pyongyang KCNA in English
1525 GMT 18 Jan 89*

[Text] Pyongyang January 18 (KCNA)—The secretariat of the Committee for the Peaceful Reunification of the Fatherland gave a briefing in Pyongyang on January 18 on the danger of the "Team Spirit 89" joint military exercises schemed by the United States and the South Korean authorities and the grave effect they would have on the situation of the Korean peninsula and North-South dialogue and on the rumors of "North-South trade" spread by the South Korean authorities these days.

Speaking at the briefing, vice-director of the secretariat of the Committee for the Peaceful Reunification of the Fatherland Pak Yong-su pointed to the danger of the "Team Spirit" joint military exercises.

Its danger lies in that the United States is pushing ahead with the exercises as a main link in the whole chain of its Asian-Pacific strategy, he noted, and said: the exercises are, in all respects, actual maneuvers of offensive nature.

The exercises are staged, the situation on the Korean peninsula will enter into a semi-war state and a dangerous development resembling a play with fire on the heap of powder will prevail, he said.

Analysing the grave effect the "Team Spirit" joint military exercises will have on the situation of the Korean peninsula and on the North-South dialogue, he said: it would be absurd for us to sit at one table with the South Korean side and discuss with it the question of peace and reunification, when armed forces hundreds of thousands strong swarm to make an attack on us from South Korea. However dear the dialogue is to us, we will not beg it of provocateurs.

If the "Team Spirit 89" joint military exercises are staged in South Korea in spite of our repeated warnings, and the North-South dialogue undergo turns and twists, the U.S. imperialists and the South Korean puppets should be entirely to blame for this.

Briefing the attendants on the rumors of "direct trade" between the North and the South spread by the South Korean authorities from some time ago, he said that this is a sheer lie and nothing but an intentional fabrication.

In resorting to such dastardly intrigues now, the South Korean puppets seek to divert elsewhere the growing anti-"government" and anti-No Tae-u sentiments of the South Korean people, bar the discourse of the people on reunification, monopolize the North-South dialogue and create a favourable climate to force their way into socialist countries.

He answered questions put by a reporter.

Soviet Paper Condemns 'Team Spirit' Exercise

*SK1401153089 Pyongyang KCNA in English 1500 GMT
14 Jan 89*

[Text] Moscow January 12 (KCNA)—The Soviet paper KOMSOMOLSKAYA PRAVDA on January 10 carried an article under the headline "Tanks Against Dialogue" denouncing the U.S. imperialists and the South Korean puppets for their announcement that they would stage the "Team Spirit 89" joint military maneuvers.

Noting that the "Team Spirit 89" would be staged in South Korea from late January to the end of April this year, the paper said this war game involving Armed Forces more than 200,000 strong including 60,000 U.S. troops was estimated to be an attempt at torpedoing North-South dialogue.

Pointing out that in his new year address for 1989 the great leader Comrade Kim Il-song advanced a proposal for the convocation of a North-South political consultative meeting of leadership-level people and that the 8th round of meeting between delegates of the North and the South for preparations of a North-South joint parliamentary meeting was scheduled early in February, it said:

Although the new trend toward detente on the Korean peninsula appears to (?lay) momentum, observers recall that the "Team Spirit 86" joint military maneuvers scuttled dialogue between the North and the South, turned back the development of the situation and resulted in a serious political and military confrontation.

Now the question—dialogue or continuing confrontation—is raised in Korea, wrote the paper.

U.S. Remarks on Military Presence Denounced

*SK1801045589 Pyongyang KCNA in English
0449 GMT 18 Jan 89*

[Text] Pyongyang January 18 (KCNA)—NODONG SINMUN today comments on the recent vociferous outcry of the U.S. rulers and the puppets for the continued presence of the U.S. imperialist aggression forces in South Korea.

In a signed commentary, the paper says:

The U.S. rulers claim as if the U.S. forces' presence in South Korea "contributed" to "preservation of peace" on the Korean peninsula.

This is a preposterous sophism to cover up the aggressive nature of the U.S. forces' occupation of South Korea and delude public opinions at home and abroad.

Today, as in the past, the threat of aggression comes from the south of the Korean peninsula where U.S. imperialist aggression forces are ensconced frequently staging provocative military exercises including the "Team Spirit" joint

military rehearsals together with the puppet spirit joint military rehearsals together with the puppet army, while continually beefing up their Armed Forces.

What is all the more nonsensical is the allegation of the U.S. rulers that the U.S. forces have come to South Korea at the "request" of the South Korean people and remain there according to their "wish".

If the United States truly desires peace in Korea and her peaceful reunification, it must not scheme to continue their occupation of South Korea under the pretext of "deterrent" and "request" but withdraw its aggression forces and nuclear weapons from South Korea and refrain from obstructing the reunification of Korea.

Symposium Supports Reunification Proposal
*SK1401103089 Pyongyang KCNA in English 1021 GMT
14 Jan 89*

[Text] Pyongyang January 14 (KCNA)—A symposium of politicians, scholars and journalists was held at the February 8 House of Culture on January 13 to support the new proposal for North-South negotiation put forward by the great leader President Kim Il-song in his new year address.

Speeches were made at the symposium under the titles "The policy and proposal for national reunification put forward by the great leader in his new year address represent the most reasonable and realistic nation-saving measure reflecting the demand of the reunification movement in a new stage of development and the will of the entire nation for reunification," "to remove the North-South political and military confrontation is a prerequisite to a breakthrough in trust and unity between North and South," "the proposal for a political consultative meeting of leadership-level people of the North and the South is a most reasonable proposal of negotiation for a nationwide agreement on the way of reunification," "the proposal for founding the Democratic Confederal Republic of Koryo [DCRK] is the best way of solving the question of national reunification in the shortest time" and "to fight against the 'two Koreas' plot of the divisive forces at home and abroad is a pressing task of our nation at present."

The speakers expressed welcome and full support to the new national reunification policy and proposal put forward by President Kim Il-song on the basis of a profound analysis and review of the development of the situation of the country, proved their validity and reasonableness and theoretically evolved a series of measures to promote peace and reunification of the country.

They argued that the proposal for founding the DCRK is a proposal which embodies the three principles of national reunification—*independence, peaceful reunification and great national unity*—and makes it possible to rationally solve all problems concerning the form and

name of a unified state and the organization and management of a confederal state body in conformity with the fundamental interests and desire of the entire nation and that this proposal is the best way of resolving the reunification question.

The speakers called on the entire Korean people to vigorously fight to implement the new national reunification policy and proposal of President Kim Il-song so as to make a breakthrough in national reconciliation and unity this year and make the upcoming 1990s a decade of national reunification.

Daily Comments on Proposal To Found DCRK
*SK1401020088 Pyongyang Domestic Service
in Korean 2116 GMT 8 Jan 89*

[NODONG SINMUN 9 January Special Article: "The Proposal for Founding a Confederal State Is the Best Way To Promote the Reunification of the Fatherland"]

[Text] In his New Year address the great leader Comrade Kim Il-song proposed the convocation of a North-South political consultative meeting to reach a national agreement on the reasonable way of resolving the reunification problem and clarified that our proposal for reunification through confederation could serve as a basis for national agreement on the way of reunification. The proposal for reunification through confederation is the best way of resolving the reunification problem in conformity with the national interests on the basis of the specific reality of our country in which the North and South have different ideologies and social systems.

In his New Year address the great leader Comrade Kim Il-song taught: The proposal for founding a Democratic Confederal Republic of Koryo [DCRK] is the best way which enables us to most rapidly resolve the problem of reunifying the country under its present conditions.

The proposal for founding a DCRK put forward by the great leader is a unique policy to reunify the country and the nation by reuniting into one the homogeneous nation living in the two parts of the country which have different ideologies and systems. The proposal for founding the DCRK proceeds from the lofty, patriotic, and nation-loving ideal to reunify the divided territory and the nation in the form of a confederal state and, thus, to achieve national grandeur and prosperity in a reunified fatherland devoid of division.

The DCRK is a unified state under the confederal system in which a unified national government participated in by the North and South on an equal footing is established and under which the two sides enforce regional autonomy with the same right and duty on condition that the North and South recognize each other's ideology and system as they are.

There can exist different social and political systems in the same country. Likewise, people with different political ideals and faiths can live together in the same country. If our country is reunified in the form of a confederal state, the systems existing in the North and South of our country can be left as they are, and the people with different ideologies and faiths can also live together.

If the North and South respect and trust each other and, thus, achieve national unity, the ideologies and systems existing in the North and South will not become a big problem. Since we have inherited the same blood, we are destined to live in the same territory, and we are the same brethren who cannot live divided.

The unified government of a confederal state can achieve the unified development of the nation by discussing and deciding all problems related to the overall interests of the country and the nation in conformity with the ideal of national reconciliation, unity, collaboration, and reunification. It can also easily resolve the problem related to the future destiny of the nation once unity and collaboration are achieved.

When, under the guidance of the confederal government, the regional governments of the North and South enforce their independent politics within the scope which accords to the basic interests and demands of the nation, they can promote the unified development of the country and the nation.

Since the territorial division continues and two different systems exist in the North and South, a confederal state must be chosen, if the country is to be reunified at an early date. Any proposal for reunification should equally serve the interests of the North and South alike, if it is to contribute to the interests of the nation.

The proposal for founding a confederal state is based on the three principles of independence, peaceful reunification, and great national unity which were agreed upon and proclaimed by the North and South and which were recognized by the world. Therefore, it impartially reflects the interests of the North and South.

The DCRK is the most reasonable form of a unified state which serves the demands and interests of the whole nation and seeks national unity, transcending ideologies and systems.

Now that there exist different ideologies and systems in the North and South of our country, there is no other choice but to adopt the way of reunifying the country by leaving the two systems as they are and federating two autonomous governments on the principle of coexistence, neither side swallowing or being swallowed by the other and neither side overwhelming or being overwhelmed by the other.

The proposal for reunification through confederation is, in fact, a most correct way of establishing a unified state without harming the interests of the North and South. There is no better way.

The proposal for reunification through confederation is a reasonable one which also accords with the desire of the South Korean people, and its realization is feasible.

The proposal for founding a DCRK has won warm support and welcome from the people at home and abroad since its declaration because it is just and fair. It has also aroused further repercussions from the people with each passing day.

Stressing that the three principles of national reunification are the nation's supreme principles for reunification and that the proposal for founding a confederal state, the embodiment of these principles, is the best way for national reunification, the South Korean people are today vigorously carrying out the struggle for their realization. Even political and social figures of South Korea, including opposition political parties, have called for national reunification through confederation. Even the persons in authority of South Korea themselves have come to no longer ignore the way of reunification through confederation today. This tells us that the proposal for reunification through confederation should constitute a basis of national agreement on the way of reunification.

Today, the persons in authority of South Korea, regarding national reunification as the problem of establishing one system throughout the country and establishing various phases for reunification, have been talking about reunification as if it was far off. This not only constitutes an indifference to the patent reality in which there exist different ideologies and systems in the North and South, but also means that they, in fact, do not want reunification and that they seek reunification under the so-called free democratic system. This runs counter to the national interests of the Korean people.

The great leader's clarification that the proposal for reunification through confederation constitutes a basis of the national agreement on the way of reunification encourages our people in the North and South to vigorously carry out the movement for national reunification with new hope and firm faith.

In his New Year address the great leader Comrade Kim Il-sung proposed that a North-South political consultative meeting be held in Pyongyang in the near future with the participation of leading figures who can represent the will of various political parties, groups, and people of all walks of life in the North and South with a view to earnestly discuss the way of reunification through confederation. The political consultative meeting of leading figures from the North and South will be a forum for national dialogue which makes it possible to pool the

nation's will most easily under the present circumstances, and it will be a reasonable means of reaching a national agreement on the way of achieving reunification. Within the framework of the political consultative meeting, leading figures from the North and South can not only hold multilateral negotiations, but also exchange bilateral dialogue.

Whether or not a North-South political consultative meeting can be realized depends on the sincerity and efforts of the South side. If this consultative meeting is held, it will open a bright future for the solution of the reunification problem.

The U.S. and Japanese imperialists and the South Korean rulers are now tenaciously scheming to fabricate two Koreas and to hold on to South Korea as a military base for aggression and as a breakwater of communism. Smashing the maneuvers of splittists at home and abroad to fabricate two Koreas and, thus, achieving the country's reunification is the most urgent task of our nation. All Korean people in the North and South should firmly unite under the national ideal of reunification, peace, and patriotism and should more vigorously struggle to found a unified state through confederation.

No's New Year News Conference Criticized
SK1901044989 Pyongyang KCNA in English
0436 GMT 19 Jan 89

[Text] Pyongyang January 19 (KCNA)—Papers here today hit out at the traitor No Tae-u's "New Year press conference."

In a signed commentary entitled "challenge to the trend of the times and ardent desire of the people" NODONG SINMUN says the "new year press conference" called by the traitor No revealed once again his true colour as a separatist, military fascist and traitor to the nation.

While saying that "the barriers must be pulled down," the traitor No brought forward the separatist "stage-by-stage" theory and "northern policy" again by claiming that the U.S. forces must be kept stationed in South Korea "till peace has settled institutionally" and the process of reunification "must be accelerated stage by stage," the commentary says, and goes on:

This means opposing reunification and ignoring our nation's ardent desire; he means by this to include us in the objects of the "northern policy" as if we are an alien nation; he wants the country to remain divided into "two Koreas" and "co-exist" while making something like exchange at best as if between different nations.

This is a challenge to the whole nation who aspire after the reunification of the country.

The commentary says the traitor No disclosed his despicable nature as a flunkyst traitor when he took exception to the U.S. troop pullout and cried for adherence to

the relations of "security cooperation" with the United States and Japan and for the "maintenance of military power" and strengthened "security posture."

Talking volubly about "establishment of a new democratic order" and "defence of the liberal democratic system," the traitor No that day threatened that "dissident forces" would be "disciplined stringently" by "government power," it says, and stresses:

This is an open declaration of fascist crackdown on the people.

Noting that he did not utter a word about the fulfilment of his "commitments" and glossed over the questions of probing the truth of the Kwangju incident and the "corruption of the Fifth Republic," and punishing the chief culprits in them and the question of intermediary appraisal of himself, the commentary says: His refusal to make Chon Tu-hwan testify at a "National Assembly" hearing is an act to protect himself and his group, Chon's pals and accomplices.

A commentary of MINJU CHOSON says: Judging from the contents of No Tae-u's "press conference", it goes beyond doubt that the puppets will rush headlong with increasing zeal this year toward fascism and division, treachery and war.

South Students Denounce Takeshita Remarks
SK1401052689 Pyongyang KCNA in English
0519 GMT 14 Jan 89

[Text] Pyongyang January 14 (KCNA)—Members of student organizations of seven universities in South Korea staged an anti-Japanese protest in front of the Japanese Embassy on January 12, denouncing utterances of the Japanese prime minister, according to a report.

They denounced the remarks of Japanese Prime Minister Takeshita that Japanese Emperor Hirohito was not to blame for the Second World War and demanded his apology.

In a statement issued on the spot, the protesters declared that they could hardly repress national resentment at the incumbent Japanese prime minister's denial of the fact that the Japanese emperor who died a few days ago was the principal criminal in the provocation of the Second World War. They submitted a 4-point demand including Takeshita's official apology for his reckless remarks.

ROK Workers Struggle Against 'Terrorism'
SK1801161489 Pyongyang KCNA in English
1544 GMT 18 Jan 89

[Text] Pyongyang January 18 (KCNA)—Over 3,000 workers of the Hyundai Heavy Industry and Hyundai Engine who have been in strike in protest against terrorism of workers by the fascist clique and comprador business had a rally denouncing terrorism in Ulsan on January 16 and resolved to strengthen their unity, according to a report.

They declared that they would continue strike till their demands including an immediate release of the detained trade union members, reinstatement of dismissed workers and stop to suppression of the trade union are met.

On the same day more than 200 members of 11 trade unions of the Hyundai Group in Seoul-Inchon area had a meeting denouncing terrorism in Seoul and urged Chong Chu-yong of comprador business and others to "make public the background of terrorism and apologize to the people".

Meanwhile, over 1,000 poor merchants in agricultural and marine products market in Karak-tong, Seoul, staged a demonstration in front of the puppet National Assembly building in demand of a guarantee of the rights to existence.

Further Report on Hyundai Protests
SK1501081189 Pyongyang KCNA in English
0807 GMT 15 Jan 89

[Text] Pyongyang January 15 (KCNA)—Over 10,000 workers of the Hyundai Heavy Industry and Hyundai Engine Company, the comprador Hyundai Group in Ulsan, South Kyongsang Province, held a rally condemning the terrorist acts at the company on January 14, according to a report.

They bitterly denounced the terrorist acts against workers of Hyundai Group companies in Ulsan and Ulju on January 8 as crackdown on the labor union committed at the instigation of the comprador financial group in collusion with the puppet clique.

Meanwhile, about 200 workers drove motorcycles to the puppet Ulsan city office to urge the change of the labor union contract and held a street demonstration on the same day.

KCNA Reports Protests
SK1401110489 Pyongyang KCNA in English
1036 GMT 14 Jan 89

[Text] Pyongyang January 14 (KCNA)—About 5,000 workers of factories under the Hyundai Group, a comprador business, held a "rally denouncing the terrorism against workers" on January 12 in protest against the fascist clique's group terrorism and condemned the fascist gangsters' terrorist acts, according to a report.

Some 2,000 of them thronged to the puppet south police station in Ulsan and strongly demanded the release of the arrested labor union members and the punishment of the criminals.

On the same day, the members of 11 Hyundai Group labor unions in Seoul and Kyonggi Province including the labor union of the Hyundai Construction inaugurated a Seoul-Inchon committee for measures against the suppression on Hyundai Group labor unions and

declared that they would hold a rally against the management's crackdown on labor unions in the Hyundai Group square on January 16.

About 600 workers of the Hyundai Engine on the same day held a rally under the slogans "Probe the truth behind the terrorism against workers" and "Stop suppression of democratic labor unions."

South Group Issues Statement
SK1401103789 Pyongyang KCNA in English 1006 GMT
14 Jan 89

[Text] Pyongyang January 14 (KCNA)—The political alliance for the formation of a progressive party in South Korea issued a statement on January 11 denouncing the fascist clique's crackdown on the labor movement, according to a report.

The statement indignantly accused the fascist clique of arresting workers calling for guarantee of vital rights and employing gangsters for terrorism. It condemned the suppression the labor movement "government" power and the "company-saving corps" as an indication that the present "government" is a dictatorial one like the "Fifth Republic."

It urged the puppet government and the "Democratic Justice Party" to immediately stop the crackdown on the labor movement, probe the truth behind the terrorism against the labor union members of the Hyundai Group and apologize to the people.

An opposition party of South Korea issued a statement on the same day. It demanded the punishment of those involved in the terrorism and declared that the party would dispatch a fact-finding group to the spot to probe the truth.

Another opposition party issued a document denouncing the fascist clique's suppression on the same day. The terrorist case was directly manipulated behind the scene by a high-ranking official of the Hyundai Group, it noted, branding it as an unpardonable anti-democratic act.

Group Attack Denounced
SK1401105889 Pyongyang KCNA in English 1028 GMT
14 Jan 89

[Text] Pyongyang January 14 (KCNA)—NODONG SINMUN today denounces the surprise group attack on South Korean workers by a gangsters.

On the early morning of January 8, masked gangsters with death tools and even walkie-talkies made a surprise attack on the workers of the Hyundai Heavy Industry, Hyundai Engine and Hyundai Heavy Electrical Machinery when they were holding a "meeting for new year's unity" in Ulju county, South Kyongsang Province, and

they stormed the office of the council for the reinstatement of the workers dismissed from the Hyundai Group in Ulsan and assaulted workers.

In the surprise attacks by the gangsters one worker was kidnapped and 23 were wounded, heavily or lightly.

The continued group violence committed by the bandits against the workers of the Hyundai Group shows that the puppets are employing all the more crafty and vicious means in the suppression of the labour movement in South Korea, the news analyst says, and goes on:

The latest cases of group violence were not accidental clashes among the workers, but assaults committed by the puppet authorities in conspiracy with the vicious employers and an organised and premeditated heinous white terrorism committed by the dictatorial power to break the fighting spirit of the workers.

As demanded by the South Korean people, the puppets should make clear the real picture of the group violence and punish those involved in it and immediately stop suppressing the labour movement.

South Publisher Prints Kim Il-song's Works
SK1401053089 Pyongyang KCNA in English
0525 GMT 14 Jan 89

[Text] Pyongyang January 14 (KCNA)—The "Taedong" Publishing House of South Korea brought out "Kim Il-song's Selected Works" and distributed it to bookstores, according to the South Korean newspaper CHUNGANG ILBO January 11 quoted by a KNS report from Tokyo.

It contains speeches, reports and treatises written by the great leader President Kim Il-song from 1930 to 1945.

The publishing house said that the "Kim Il-song's Selected Works" is equivalent to the first volume of "Kim Il-song's Works" (35 volumes in all) and that it would publish its sequels when it obtains them.

It is the first publication of "Kim Il-song's Selected Works" in South Korea when the desire of people to study and follow the great chuche idea is growing more intense.

Kim Chong-il Exchanges Cards With Foreign Leaders
SK1401051789 Pyongyang KCNA in English 0510 GMT
14 Jan 89

[Text]Pyongyang January 14 (KCNA)—Dear Comrade Kim Chong-il exchanged New Year's cards with Milos Jakes, general secretary of the Central Committee of the Czechoslovak Communist Party, and President Ghulam Ishaq Khan and Prime Minister Benazir Bhutto of the Islamic Republic of Pakistan on the new year 1989.

He received new year's cards from Joaquim Alberto Chissano, president of the Mozambique Liberation Front Party and president of the People's Republic of Mozambique; Horst Schmidt, chairman of the Socialist Unity Party of West Berlin; and Alvaro Cunhal, secretary-general of the Communist Party of Portugal.

Parliamentary Delegation Departs for Cuba
SK1201104089 Pyongyang KCNA in English 1028 GMT
12 Jan 89

[Text] Pyongyang January 12 (KCNA)—A Korean parliamentary group delegation headed by Yang Hyong-sop, chairman of the standing committee of the Supreme People's Assembly, left Pyongyang today by air to attend a consultative meeting of presidents of groups of interparliamentary union of socialist countries to be held in Cuba.

It was seen off by vice-chairman of the SPA standing committee Son Song-pil and the Cuban ambassador and the charge d'affaires ad interim of the GDR Embassy in Pyongyang.

National Income Reportedly To Grow 70 Percent
SK1801152889 Pyongyang KCNA in English
1513 GMT 18 Jan 89

[Text] Pyongyang January 18 (KCNA)—The national income will grow 70 percent in the current seven-year plan period (1987- 1993) in Korea.

The per capita national income in 1986 was 2,400 dollars.

The rapid growth of the national income is guaranteed by the independent national economy which is steadily expanding and developing.

Over the past 40 years since the country's liberation (August 1945) the average annual growth rate of the total industrial output value has been 16.7 percent.

During the current seven-year plan, the industrial output is to increase at the rate of ten percent on an annual average. The industrial output of the nation in 1993 will increase more than 1,100 times the 1946 figure.

This means that as much amount of industrial output as was turned out in the year 1946 will be produced in seven hours.

In the third seven-year plan period, the agricultural production will grow 40 percent to reach 15 million tons.

The real income of the working people is on a rapid increase in the Democratic People's Republic of Korea which regards it as the supreme principle to systematically promote the wellbeing of the people.

Its proportion is growing further with the systematic increase of their monetary income and of the additional benefits from the state.

In the second seven-year plan period (1978-1984), the real income of the workers and office employees increased 60 percent and that of the farmers 40 percent.

They will respectively go up 60 and 70 percent in the current seven-year plan period.

SKNDF Sends Congratulatory Message to Cuba
SK1401084589 (Clandestine) Voice of National Salvation in English to South Korea 0030 GMT 9 Jan 89

["Full text" of congratulatory telegram from the SKNDF Central Committee to the Central Committee of the Communist Party of Cuba (PCC)]

[Text] PCC Central Committee, Havana, Cuba:

On the 30th anniversary of the victory of the Cuban revolution, the SKNDF Central Committee, on behalf of the vanguard fighters and people in South Korea, extends warm congratulations and militant greetings to the fraternal PCC, Cuban Government, and people.

The victory of the Cuban revolution was a brilliant fruit of the wise leadership of respected Comrade Fidel Castro Ruz, the leader of the Cuban people. It was also the historic declaration that started the doom of the U.S. imperialist colonial ruling system in Latin America and that heralded the first appearance of socialism in the Western Hemisphere.

Firmly united around Comrade Fidel Castro Ruz, your party and people honorably safeguarded the revolutionary gains against the U.S. imperialists' moves of aggression, interference, and economic blockade and made Cuba an independent and prosperous socialist state by accelerating socialist construction.

Under the leadership of the PCC, the heroic Cuban people are now achieving precious successes in the struggle to carry out the new 5-Year plan and strengthen the country's defense capabilities, upholding the resolution of the third party congress.

Your party has sincerely supported and encouraged the righteous cause of our party and South Korean people for independence, democracy, and reunification and against the U.S. imperialist colonial fascist rule and moves to perpetuate Korea's division.

We are boundlessly proud of having the trustworthy comrades who sincerely help us with their [word indistinct] revolutionary principle and noble comradely fidelity.

Believing that the militant friendship and solidarity between our two parties will be further strengthened and developed in the common anti-U.S. cause of independence, we take this opportunity to heartily wish your party, government, and people greater success in the struggle for the prosperity, development, and territorial integrity of the country and peace and security in the Caribbean regime and the world.

[Signed] SKNDF Central Committee, Seoul, 1 January 1989.

SKNDF Greet Foreign Parties on New Year
SK1401082589 (Clandestine) Voice of National Salvation in English to South Korea 0030 GMT 9 Jan 89

[Text] The SKNDF Central Committee sent congratulatory telegrams on New Year's day to the Communist Party of Cuba [PCC], the CPSU, the Socialist Unity Party of Germany, the Bulgarian Communist Party, the Czechoslovak Communist Party, the League of the Communists of Yugoslavia, the Sandinist National Liberation Front of Nicaragua, the Malagasy Vanguard of Revolution, the Arab Socialist Ba'th Party of Syria, the Algerian National Liberation Front Party, the Congolese Party of Labor, the Workers' Party of Ethiopia, the Revolutionary Party of Tanzania, the Party of the People's Revolution of Benin, and the Seychelles People's Progressive Party.

In the congratulatory telegrams, the SKNDF Central Committee extended its warm New Year greetings and its thanks to those parties and their members for their continued support for the SKNDF in its anti-U.S. national liberation struggle.

It also expressed its firm belief that the friendship and solidarity between the SKNDF and those parties will develop, and sincerely wished them great success in their struggle.

Following is the full text of the congratulatory telegram the SKNDF Central Committee sent to the Central Committee of the Communist Party of Cuba:

The PCC Central Committee, Havana, Cuba:

Greeting the New Year, the SKNDF Central Committee extends its warmest greetings and congratulations to the Central Committee of your party and its party members.

We regard it as the highest honor to have such a good friend as your party which has always been supporting both materially and morally the SKNDF in its arduous anti-U.S. struggle for national liberation.

We are very satisfied with the splendid development of the relations of militant friendship and cooperation between our two parties that were formed in the joint struggle against the United States.

We wholeheartedly hope that marking the 30th anniversary of the victory of the revolution, your party and the masses of your country will make a brilliant success in socialist construction and in strengthening the country's defense in the new year under the leadership of respected Comrade Fidel Castro Ruz.

[Signed] SKNDF Central Committee, Seoul, 1 January 1989

The SKNDF Central Committee also sent congratulatory telegrams on New Year's day to the International Liaison Committee for the Reunification and Peace of Korea, the World Federation of Trade Unions, the World Peace Council, the International Association of Democratic Lawyers, the Women's International Democratic Federation, the Organization of Asian, African, and Latin American Peoples' Solidarity, the U.S. Out of Korea Committee, and the World [word indistinct] Publishers.

The Central Committee extended its warm New Year congratulations and greetings and paid its respect to those friendly organizations for their support to the South Korean people in their struggle for national liberation and the country's independent and peaceful reunification.

The SKNDF Central Committee heartily hopes that those friendly organizations will continue their active efforts for the development of friendship and unity and achieve successes in carrying out their loftiest tasks in the new year, too.

Follows the congratulatory telegram to the International Liaison Committee for the Reunification and Peace of Korea:

International Liaison Committee for the Reunification and Peace of Korea, Paris, France:

Greeting the new year, the SKNDF Central Committee extends its warm congratulations and militant greetings to the friendly International Liaison Committee for the Reunification and Peace of Korea.

Last year your committee made unsparing efforts for Korea's denuclearization and peaceful reunification and against the crimes of the United States and the No Tae-u junta to perpetuate the division of our fatherland and provoke a nuclear war.

Your sincere efforts and positive activities rendered great encouragement to the SKNDF and the South Korean people.

We heartily wish your committee great success in its activities to perform noble mission and tasks in the new year, too.

[Signed] The SKNDF Central Committee, Seoul, 1 January 1989

South Korea

Gregg Ambassadorial Nomination Criticized
SKI401081989 Seoul HANGYORE SINMUN
in Korean 13 Jan 89 p 6

[Editorial: "Why Has an Intelligence Specialist of All Things Been Chosen as Ambassador to Korea—Senate Ratification Will Be Keenly Observed"]

[Text] For nearly half a century since national liberation on 15 August in 1945, the United States has exercised a great deal of influence upon Korea. What kind of person the United States appoints to the post of ambassador to Korea is, therefore, a great concern for the Korean people. This is all the more so at a time when relations between the two countries have arrived at a serious point as a result of the growing anti-U.S. sentiment, trade friction, and defense burden sharing.

Bush, president-elect of the United States, has named Donald Gregg, an intelligence and national security specialist who had served only in the CIA for nearly 30 years, to the post of U.S. ambassador to Korea. It is widely known that the CIA is engaged in various forms of underground machinations to prop up avowedly anti-communist dictatorial regimes in Third World countries. Precisely for this reason, the CIA has been roundly hated by nationalist and democratic resistance forces in many countries. What is more, Gregg is a person who was in charge of CIA operations in Korea during the initial period of the notorious Yusin dictatorship, from 1973 to 1975. That it was during his service in Korea that Kim Tae-chung was kidnapped and emergency measures prevailed is worth noting. In addition, Gregg is even suspected of having been deeply involved in the so-called "Iran-Contra scandal" in which payments for weapons illegally sold to Iran were diverted to help Nicaraguan rebels. He is believed to be one of the intelligence officers who helped the Nicaraguan rebels organize a neo-colonial infiltration into Nicaragua to overthrow the revolutionary government whose advent is viewed as a model of victory attained by the masses of the Third World countries.

It surprises no one that the U.S. president-elect, who once served as director of the CIA, appointed his junior CIA man to the post of ambassador to Korea. Did the previous ambassador James Lilley not work for the CIA for 27 years? Just as Bush has the right to appoint a former intelligence agent to the post of ambassador to Korea, the Korean people have the right to reject the suspicious and ominous appointment of Gregg as well. Although it has not been confirmed whether the U.S.

Administration asked the Korean Government for agreement concerning his appointment, the Korean populace can never agree to his appointment. Gregg should never forget that he is persona non grata as far as the Korean people are concerned.

Whether the United States will send Gregg to Korea as the new U.S. ambassador or not will naturally give an answer to the question of whether the United States aspires to friendly relations with Korea on an equal footing or regards Korea as merely a subject to control and to operate against, and to keep an eye on. The U.S. Senate is called upon to recommend a new person in place of Gregg instead of ratifying his appointment as U.S. ambassador to Korea.

Reagan-Bush Transition Considered
SK1501022789 Seoul THE KOREA HERALD in English
15 Jan 89 p 8

[Editorial: "From Reagan to Bush"]

[Text] There was a rising wave of intellectual pessimism when President Ronald Reagan took office eight years ago. Now he is leaving the White House more popular than when he arrived at Washington. For the first time in 60 years, he is going to become the first U.S. president to turn over his office to a successor from his party.

His soaring sense of possibilities, among other things, has been credited with having enabled him to have an upbeat glance. In his farewell address Wednesday, Reagan claimed, "America is respected again in the world and looked to for leadership."

As if to underline the tone he has maintained while in office, Reagan seemed determined, in the farewell bid, to look on the bright side and to remain silent about the sore spots. He said the two achievements of which he was proudest were economic recovery and a restoration of national morale. Yet, he mentioned only one regret—the mammoth deficit and debt which nearly tripled during his two terms—in just two sentences.

In a sharp contrast to how he perceived the Soviet Union during his initial period, Reagan insisted that he had forged "a satisfying new closeness" with Moscow. Indeed, he made five meetings with Soviet leader Mikhail Gorbachev during his second term. However, Reagan remains to say, "nothing is less free than pure communism."

In defense and diplomatic policies in particular, the Reagan administration has carried on the practical and pragmatic path. In hind-sight, America had been felt as a power on the wane since the Vietnam debacle for those blessed in a euphoric obsession with a pax-Americana—so harnessed as a result of America's role in the two world wars and its commensurate might. Washington's one-time all-mighty image has begun to be challenged by the rapid growth of

the Soviet military arsenal, and for that matter its accompanying influence, and diversifying interest groups being shaped in the course of multipolarization.

On that account, Reagan aptly reflected such need in charting his administration's course, catering to the American sentiment, latent behind their democratic aspiration, to keep their country second to none in cold logic. Reagan made the position from strength the principal tenor of his policy in dealing with external challenges. He has increased defense spending by 35 percent to counter the Soviet military buildup. Propped up by the growing military potential, Washington has let no Soviet military expansionist inroads go unchallenged.

Washington did not hesitate to get involved in conflicts—its invasion of Granada for example—when deemed necessary for upkeep of its pride and world leadership. Americans have stood behind such ventures and felt themselves reassured in the competing world society.

Surely, President Reagan's such policy resolve has paid off to great extent. And it has largely coincided with Gorbachev's need for openness and restructuring to make the Soviet economically better prepared. Consequently, his theory of peace through strength has proved efficient to hammer out a new superpower detente—whatever the strategic motive of the other side. Reagan was quoted as saying: "We meant to change a nation and instead we changed a world."

Reagan is about to leave what he has achieved to his successor, President-elect George Bush, who must be wishing he could dispose of the towering problems easily. The outgoing has cultivated a large turf for the incoming for continuity of policy, especially in diplomatic and security fields.

In a sense, Bush may find the job ever more subtle. He will have to deal with the Soviets in a delicate position; Gorbachev's peace offensive will be found increasingly formidable. It will be against such backdrop that Bush will have to keep alive and further develop Reagan's belief that the world is looking to America as a symbol of hope and leadership.

Washington would find its efforts to broaden overseas markets challenged by different interests diversifying from the hitherto relatively simplistic approach. It will have to pursue economic viability without seeming like a bully to lesser economies in order not to turn them away. The stronger has merits as well as demerits when it comes to a multi-pronged competition for leadership. Undeniably, a pressure from the stronger could be exaggerated in the eyes of the weaker especially when its sense of national identity is growing. In that case, an emotional backlash, liable from either complex, could hurt both sides.

Nowadays, Seoul's contacts with the Soviet Union, China and other East European countries are producing palpable results one after another, though their quantitative and qualitative substances are yet to be seen. Of course, it is good for both sides. Yet, it should never mean that we may compromise the foundation which has been consolidated by our close ties with traditional allies such as Washington and on which such positive northern policy can be sought. Our nord-politik should be a plus, not sacrifice or expense, to what we have built—a safety valve. This should be the same for our allies.

How to develop such partnership on the shared perception will be one of important jobs awaiting the Bush administration in order for Washington to display respected world leadership. Better mutual understanding and magnanimity are what Seoul and Washington will have to develop for their mutual benefits warranted despite the fast evolving international environ.

*** U.S. FTA Viewed as Harmful to ROK**
41070039 Seoul TONG-A ILBO in Korean
14 Nov 88 p 6

[Article by reporter Pae In-chun in the "Economic Weather Map" column: "Free Trade Agreement [FTA] To Bring More Losses Than Gains—on U.S. and Japanese Concepts of a Pacific Free Trade Zone and ROK's Position"]

[Text] The Korea Institute of Economy and Technology (KIET), in a recent preview of "economic policies of the incoming U.S. Administration," said that the Bush administration will actively push for free trade agreements with the ROK and other Asian countries. The forecast has aroused widespread concern about feasibility of such agreements.

The U.S. move for free trade agreements is seen as the first step toward a Washington-led Pacific free trade zone.

Meanwhile, it is also noteworthy that Japan has its own plan for a Pacific economic "bloc" in which it will play a leading role.

The U.S. and Japanese plans are respectively considered to be new factors which, combined with the European Community (EC) project currently in full swing to unify its markets, will alter the world trade map drastically in the first half of the 1990's, and thereafter.

In this connection, it is noted that our country, relying on exports for as much as 40 percent of the GNP, is urgently required to analyze carefully the anticipated gains and losses from such plans and make active responses.

Let us examine the substance of the U.S. and Japanese plans for a Pacific economic bloc, their intents, and how the ROK should respond.

The United States

Washington recently proposed a free trade agreement (FTA) with Japan. At the same time, it began exploring the possibility of FTA's with newly industrializing countries in Asia including the ROK and Taiwan, and with Thailand, Malaysia and other ASEAN countries.

In this respect, the U.S. Administration's International Trade Commission (ITC) has completed an impact study of an FTA with Japan. It is also conducting similar surveys and analyses of planned FTA's with other Asian nations.

The move is seen as a strategic step toward a U.S.-led Pacific free trade zone; the United States already signed an FTA with Mexico (last year) and with Canada (this year), thus completing the North America phase of the free economic zone concept.

In other words, by signing FTA's with Asian countries, it intends to achieve the removal of or drastic cuts in tariffs and nontariff barriers in the region, as well as an overall trade liberalization in the commodity, capital and service areas.

Analyses show that this represents an attempt to eventually turn the Pacific region—which accounts for nearly a half of the world GNP—into a huge economic bloc.

Needless to say, the primary concern of U.S. authorities clearly lies in achieving unlimited access to Asian markets and long-term control of market shares through which to bring down their trade deficits.

From a broader point of view, it can be seen as their preemptive response to the EC and Japanese moves, as the EC accelerates its work to shift from the present common markets to unified markets by 1992, while Japan is working for its version of an Asian economic zone.

President-elect Bush poses as a champion of free trade. This, specialists say, has increased the possibility of the United States expediting the drive for FTA's with Asian and Pacific countries.

Japan

Lately, Japan has been making moves for an Asian economic bloc or a free trade zone embracing Pacific-rim nations including the United States and Canada, in response to EC efforts for joint markets, and the emergence of the U.S.-Canada free trade zone.

In this connection, the Japanese Government has set up an "Asian and Pacific region economic research committee" made up of officials from five ministries—the Finance, Foreign, International Trade and Industry, Agriculture-Forestry-Fisheries Ministries and the Economic Planning Agency.

This committee is to come up with a study of world trade systems and a Pacific bloc economy by March of next year.

The Japanese concept of an Asian and Pacific free trade zone was confirmed in part at the time of the Toronto summit of seven industrial democracies in June of last year.

It seeks to embrace East Asia's newly industrializing nations and ASEAN countries into a single economic bloc with Japan in its center.

At the same time, it has been learned that Japan is seeking to set up new regional economic coordinating machinery on a broader scale, participated in by 15 countries including the United States, Canada, the ROK, Taiwan, China, Australia, New Zealand, and ASEAN nations, with a view to establishing what practically is a free trade zone.

The move seeks to organize, by 1992 or so, at the latest, an Asian and Pacific economic zone machinery with as much regulating power as the OFCD (an organization of 24 industrialized nations for economic cooperation and development), based on the Pacific Economic Cooperation Committee (PECC) now being operated by private economic groups in five countries—the United States, Japan, Canada, Australia and New Zealand.

Thus, according to prevailing accounts, specialized systems shall eventually be established, with Japan specializing in high-technology industry, the United States and Canada in knowledge intensive industry, the ROK and Taiwan in technology intensive industry, ASEAN nations and China in labor intensive industry, and Australia and New Zealand in resources intensive industry.

The ROK

It should be noted that our country with its low competitiveness suffers more losses than it gains under an economic bloc and bilateralism based on the pivotal lead of certain industrialized nations, not multilateral free trade.

A comprehensive FTA with the United States in particular may indeed be effective in increasing exports for our automobile, electronics, textile, steel and other industries that remain competitive. On the other hand, however, it is anticipated that it will lead to expanded U.S. control of the ROK's agricultural, fisheries and service markets, collapse of potential growth of its fledgling industries, the nation's increased reliance on the United States caused by technological gaps and other factors, and to retaliations from EC and other countries against violations of the GATT (General Agreement on Tariffs and Trade) principles of multilateral negotiations.

Therefore, it should be pointed out that until the ROK achieves fundamental parity with the United States in competitiveness, it should confine itself to agreements covering specific areas and issues rather than going for any comprehensive FTA's.

Meanwhile, from a macroeconomic point of view, in order not to isolate itself from the U.S. and Japanese economic bloc concepts, we should actively participate in GATT's Uruguay Round negotiations which began last year and see that our position is fully reflected in multilateral negotiations. At the same time, we should coordinate our responses with Taiwan, China and ASEAN nations.

Domestically, building a qualitatively independent economy through industrial restructuring will inevitably become an increasingly urgent task.

No Instructions Foreign Minister on U.S. Issues
SK1901003689 Seoul THE KOREA TIMES in English
19 Jan 89 p 1

[Text] President No Tae-u yesterday called for an early settlement of negotiations over the relocation of U.S. military facilities in Seoul and revision of the decades-old ROK-U.S. Status of Forces Agreement (SOFA).

No gave such instructions to Foreign Minister Choe Ho-chung, directing him to resolve such matters "in a quiet and prompt manner," after he was briefed on the ministry's foreign policies for this year at Chongwadae, the presidential mansion.

Korea and the United States are currently engaged in formal talks on moving the U.S. bases in Seoul, including the Eighth U.S. Army Headquarters, to rural areas.

The presence of U.S. bases in downtown Seoul and the SOFA, signed in 1966, have recently been major sources of anti-American sentiment among the post-Korean war generations, in particular. The SOFA has come under fire for being unfair.

Cautioning against some people's "emotion-fuelling" anti-Americanism, No urged ministry officials to publicize the true aspects and importance market for Korean exports and the long-standing security ties.

Concerning the ministry's foreign policy, the president said the government should seek aggressive and independent foreign policies this year to achieve national prosperity and advance reunification, noting that the government's northern policy and the successful staging of the Seoul Olympics have enhanced Seoul's position in the international community.

Earlier in his briefings on the ministry's business for this year, Minister Choe said the ministry would continue to push ahead with its northern policy initiative aimed at improving ties with socialist countries.

But he stressed that Seoul would also strengthen its friendly relations with its allies like the United States on a more "equal and mature" footing.

Minister Choe said the U.S. troops stationed in the South should continue to stay, given Pyongyang's superiority over Seoul in military strength, but the transfer of the U.S. operational control over Korean troops to the host country would be settled "in such a way as not to damage" the combined operations of the two armed forces.

In particular, Choe said he would resolve the relocation matter of the U.S. Army golf course in Seoul "at an early date."

Predicting that Washington's demands for more cost-sharing in U.S. forces here and wider market opening will emerge as outstanding issues between the two countries this year, he said the government would be more flexible in resolving such matters.

As part of follow-up measures on the No proposed 'Consultative Conference for Peace' involving the Soviet Union, China, the United States, Japan and the two Koreas, Minister Choe said the ministry had already formed a working team led by Kim Sok-kyu, assistant minister for political affairs and three other officials on Jan. 3. No presented the proposal at his UN address last October.

Choe also said this year's policy priorities would also include realization of No's summit talks with his Japanese and American counterparts and aggressive diplomatic efforts at non-governmental levels.

He added that the ministry would further the South-South cooperation spirit and make more efforts for improved ties with non-aligned countries.

Meanwhile, he revealed that a new building for its affiliate, the Institute of Foreign Affairs and National Security, would be constructed by next June, and that some 300 diplomats need to be recruited in the next few years, given the ministry's growing diplomatic activities.

Soviet Official To Discuss New Trade Office
SK1901100789 Seoul YONHAP in English 0936 GMT 19 Jan 89

[Text] Seoul, Jan. 19 (YONHAP)—Vladimir Golanov, vice president of the Soviet Chamber of Commerce and Industry, and a working-level official of the chamber will visit South Korea Jan. 22 to discuss matters concerning the scheduled opening of a Soviet trade office in Seoul, sources at the Korea Trade Promotion Corp. (KOTRA) said Thursday.

Golanov, the sources also said, will discuss with the South Korean officials terms and conditions under which the Soviet trade office be allowed to handle

consular affairs as well. Should the governments of the two countries agree to allow the trade office to assume roles of consulate, the Soviet trade representative is expected to conduct such consular affairs including visa issuance and the protection of Soviet residents and their interests in South Korea.

South Korea, which has no diplomatic relations with the Soviet Union, reached an accord last December with the Soviet authorities to exchange trade missions. Under the accord, Moscow will open a trade mission in Seoul by March at the latest.

During their stay in Seoul, the two Soviets are also expected to discuss with the Federation of Korean Industries (FKI) a detailed plan for the projected establishment of a committee for economic cooperation between the two countries.

The planned setup of the private-level committee was earlier agreed upon between the Soviet officials and Chong Chu-yong, honorary chairman of the Hyundai Business Group, when the South Korean industrialist visited the communist country last Jan. 7-12.

Business Leader Allowed To Visit North Korea
OW1901043389 Tokyo KYODO in English 0352 GMT 19 Jan 89

[Text] Seoul, Jan. 19 KYODO—The South Korean Government on Thursday gave permission to Chong Chu-yong, honorary chairman of the Hyundai business group, to visit North Korea.

Chung will be the first South Korean business leader to visit North Korea.

He plans to arrive in Pyongyang via Beijing next Monday and stay in North Korea until February 7.

Chung will visit North Korea at the invitation of former Foreign Minister Ho Dam.

The invitation was sent to Chong through a Japanese business group leader last year-end.

Official Says North To 'Support' Joint Ventures
SK1901071289 Seoul YONHAP in English 0653 GMT 19 Jan 89

[Text] Seoul, Jan. 19 (YONHAP)—North Korea has indicated its willingness to actively support joint ventures between South and North Korea, a source at the Trade and Industry Ministry said Thursday.

The source said the North expressed such willingness through a representative of a trading company based in Pyongyang during a meeting with Yi Kang-se, vice president of South Korea's Sunkyoung Corp., in Tokyo on Dec. 30.

The meeting covered ways to promote economic cooperation between the South and the North including joint ventures and trade centering on textiles and processed mineral products, the source said.

North Korea has signed joint venture contracts with some Korean businessmen residing in the United States and Japan since it enacted a joint venture law in September 1984.

Meanwhile, the Trade and Industry Ministry gave its approval Thursday for a visit to Pyongyang by Chong Chu-yong, honorary chairman of the Hyundai Group, and three executives of the Hyundai Construction and Engineering Co.

During his visit to the North slated for Jan. 23-Feb. 7, Chong is to hold discussions with North Korean officials on South Korean companies' participation in North Korea's Mt. Kumgang (diamond) development projects, as well as joint ventures between the two Koreas and other issues related to inter-Korea economic exchanges, sources said.

Chondachyop To Attend DPRK Festival
SK1901062689 Seoul YONHAP in English 0539 GMT
19 Jan 89

[Text] Seoul, Jan. 19 (YONHAP)—The South Korean Government plans to send not only the members of the National Council of Student Representatives (Chondachyop) to North Korea to attend a world youth festival but also other student delegates and representatives of youth organizations.

North Korea sent an invitation on Dec. 26 in the name of its Korean students committee to Chondachyop, a nationwide organization of activist student leaders, to take part in the festival to be held in Pyongyang in July.

"It is desirable for us to make full use of all the opportunities in order to promote exchanges between South and North Korea. This is the position of our government," a government spokesman said.

"We have already set forth a principle to send a student delegation to the Pyongyang World Youth Festival," he said.

The spokesman, speaking on condition of anonymity, said a consultative body for inter-Korean student exchanges to be inaugurated next week will study the formation of the delegation and other details for participation in the Pyongyang festival.

"We need a lot of study on the details for participation because the Pyongyang festival is an event of a political nature," the spokesman said. "We are considering allowing our student delegates to take part only in cultural, art, and sports events and not anti-imperialism, anti-nuclear discussions."

As soon as the consultative body works out a final plan, the government will propose to North Korea that working-level talks be held to discuss the security of South Korea, student delegates and other details of participation in the Pyongyang event, the spokesman said.

"At the working-level talks, we will also discuss the joint cross country march of South and North Korean students and the alternate hosting of goodwill sports meet for students of both sides," he said.

North Korea had proposed that inter-Korean students talks be held in March at the truce village of Panmunjom to discuss details on South Korean students' attendance at the Pyongyang festival.

Meanwhile, Chondachyop said it obtained a positive response from the national unification board to a request for support for its participation in the Pyongyang event.

Chong Myong-su, acting chairman of Chondachyop, emerging from a meeting with a senior official of the board Thursday, told reporters that he informed the board of his organization's plans to attend the Pyongyang festival and asked for government cooperation in taking part in the event.

Chong said Chondachyop will convey its acceptance of the invitation from the North Korean capital Friday via the Korean National Red Cross.

South and North Korea have remained bitter rivals since the 1950-53 fratricidal Korean war.

Since last year, however, the South Korean Government of President No Tae-u has sought to improve inter-Korean relations through various peace initiatives such as No's call for inter-Korean summit talks and an end to the 40 years of hostility.

Letters To Be Exchanged
SK1901085189 Seoul CHOSON ILBO in Korean
18 Jan 89 p 15

[Text] On 17 January, Chong Myong-su, acting chairman of the National Confederation of University Student Representatives [Chondachyop] and concurrently chairman of the General Students' Association of Yonsei University, stated that in connection with the "13th World Youth Festival" to be held in Pyongyang in July, he would send a reply to the Korean Students Committee of North Korea via the Ministry of Reunification on 20 January.

Saying that "concrete practical work will be discussed by the 3d Chondachyop, to be formed in February," Chong noted that "we will fully examine the content of the festival, the participation in it, and the status of preparations for it through an exchange of letters with the North Korean side," and he called on the government side to "convey inquiry letters from Chondachyop to the North Korean side."

Contending that the "government's concern about our entanglement in the North Korean side's political propaganda is an insult to the intellect of one million students," he said that "we refuse the government's proposal to form a nongovernmental consultative council with regard to participation in the festival."

Meanwhile, Chondaehyop proposed to form before 19 January an advisory council with the participation of Yi Hong-ku, minister of reunification, Pak Kwan-yong, chairman of the Assembly Ad Hoc Committee on Reunification, Rev Mun Ik-hwan, Kim Chin-kyun, professor of Seoul National University and member of the Democratic Professors' Council, and other figures of all walks of life.

Makes Own Decisions on Exchange

SK1401005288 Seoul THE KOREA HERALD in English
14 Jan 89 p 3

[Text] A leading student organization has said it will not cooperate with the government-proposed consultative body on student exchange programs with North Korea.

"The proposed council should not be empowered to make any decision" on Chondaehyop's participation in the 13th World Festival of Youth and Students, said Chong Myong-su, acting chairman of the National Council of College Student Representatives (Chondaehyop).

Chong said all decisions regarding the festival will be made by Chondaehyop itself.

"But we can consider organizing the nongovernment body should other participating organizations limit their roles as advisers to Chondaehyop," he said.

Minister of Education Chong Won-sik announced Thursday that the government was entrusting the promotion of student exchanges between the two Koreas to a private consultative council.

Government To Jam North's Anti-Seoul Radio
SK1901004089 Seoul THE KOREA TIMES in English
19 Jan 89 p 1

[Text] The government decided to jam North Korea's slanderous FM broadcasts which aims at the younger generation in South Korea, government sources said yesterday.

The Agency for National Security Planning will work out measures to block anti-Seoul propaganda broadcasts from the north, in collaboration with the Ministries of Communications and Culture-Information and the Korea Broadcasting System.

The contents of the FM broadcasts, transmitted from Pyongyang and Kaesong, mainly feature music programs, frequently interrupted with anti-Seoul messages and satirical comments on South Korea.

About 90 percent of the program consists of revolutionary and martial music, according to the government authorities concerned, and the rest is set aside for provoking anti-government sentiments among Koreans in the south.

North Korea has been airing FM broadcasts since Jan. 1, waging a Communist propaganda campaign. It opened two FM channels on frequencies of 92.5 MHz and 105.2 MHz from broadcasting stations in Pyongyang and Kaesong, respectively, for eight hours daily from 9 p.m. to 5 a.m.

The anti-Seoul message on the program, according to the government sources, mainly satirized what it calls "the Fifth Republic scandals," but has gradually toned up in denouncing South Korea.

Direct Transmission of North Radio Considered
SK1601043789 Seoul YONHAP in English 0302 GMT
16 Jan 89

[Text] Seoul, Jan. 16 (YONHAP)—The government and the ruling party of South Korea are seriously considering allowing direct transmission of North Korean television and radio programs to South Koreans, a highly-placed ruling camp source said Monday.

It has been against the law for the people to watch or listen to the TV and radio broadcasts of the other side in both South and North Korea which have remained bitter rivals since the 1950-53 Korean war.

The source, speaking on condition of anonymity, said the government and the ruling party will soon propose to North Korea to exchange each other's regular TV and radio programs.

"We are consulting with pertinent government agencies for direct transmission of North Korean broadcasts without editing even if the North rejects the proposal," the source said.

The ruling has already submitted to the National Assembly an amendment to the national security law, an omnibus anti-communist law, calling for relaxing bans on access to North Korean broadcasts.

In 1982, the South proposed that both sides remove each other's jamming facilities and allow free reception of regular broadcast programs of the other side as part of a pilot project designed to help ease tensions and advance the national reunification.

"Despite the increasing economic exchanges between South and North Korea in recent months, we have reached a conclusion that the free exchange of TV and radio broadcasts, which transmit straightforward each other's cultural background, is needed to consolidate the foundation for reunification by overcoming the differences and recovering the national homogeneity," the source said.

The source said an extremely limited number of North Koreans are now receiving South Korea's four TV signals—three of the state-run Korea Broadcasting System (KBS) and one of Munhwa Broadcasting Corporation (MBC).

He said the South Korean Government is also monitoring all the North Korean broadcasts for intelligence purpose.

"There will be no problem in transmitting each other's TV and radio signals through their own electronic media if the north accepts our proposal," he said.

The source noted that the government had allotted the North air waves for transmission of TV and radio broadcasts covering the 1986 Seoul Asian Games as well as the 1988 Seoul Olympic games.

"We do not expect the North would accept our proposal in light of its rejection of our 1982 offer. However, the government is seriously studying among its agencies the possibility of directly transmitting some North Korean TV and radio broadcasts intact to the general public," he said.

The efforts of the government and the ruling party to amend the national security law which bans reception of the North Korean broadcasts are part of the "internal preparations" for direct transmission of the north korean broadcasts, the source said.

He said the Dec. 27 transmission of a French TV program on North Korea by the KBS-TV and MBC-TV's broadcast over the weekend of a North Korean TV program on the activities of the North Korean delegation which participated in the Moscow World Youth Festival were all in line with the government plan.

Reactions Mixed on No's Press Conference
SK1701083289 Seoul YONHAP in English 0825 GMT 17 Jan 89

[Text] Seoul, Jan. 17 (YONHAP)—The ruling and opposition parties showed mixed reactions toward President No Tae-u's new year press conference Tuesday.

Rep. Pak Hui-tae, spokesman of the ruling Democratic Justice Party, praised the contents of the press conference, saying that "the president presented clear directions of state affairs in the fields of political, economic, diplomatic and reunification policies."

"The president clarified the historic mission of the Sixth Republic by putting forth concrete projects of the Republic and mentioning the realization of a welfare society, especially for the alienated class," Pak said.

Rep. Yi Sang-su, spokesman of the largest opposition Party for Peace and Democracy, criticized No's remarks describing them as "nothing new and falling short of expectations."

Yi charged that No has a lenient view toward what Yi called a fascistic faction existing in the ruling camp, and said that No's position on summoning former presidents Chon Tu-hwan and Choe Kyu-ha to appear at parliamentary hearings disregards public opinion.

Rep. So Chong-won, spokesman of the second largest opposition Reunification Democratic Party said, "it is disappointing for President No to repeat the past attitude on the interim evaluation of his presidential performance."

So contended that "his (No's) position opposing direct elections of governmental chiefs in the proposed local autonomy overlooks the essence of the system."

Rep. Kim Mun-won, spokesman of the third largest opposition New Democratic Republican Party, said, "the president's will and steps to contain various aspirations of the nation sprouting amid calls for democratization are not clear while No's remarks also show a lack of a clear attitude on liquidation of irregularities in Chon's era and other major political issues."

No Warns of Plot To Overthrow Government
SK1901005489 Seoul THE KOREA TIMES in English 19 Jan 89 2

[Text] President No Tae-u yesterday called upon the forces who scheme to change the state system through revolution to abandon the attempt.

He made the remarks addressing a lunch meeting of about 500 members of the standing and steering committees of the Advisory Council for Democratic and Peaceful Unification at Sejong Hall.

No said emphatically that workers, farmers and underprivileged citizens should not be used as the instrument for revolution in the heat of disturbances because of the rush of demands from all walks of life in this period of change.

As a means to solidly establish free democratic order, No said that the government will pursue the policies of safeguarding the people's basic rights, representative democracy, and the achievement of social and economic equilibrium through fair distribution of wealth.

Forecasting that the controversy over the state system between democratic forces and revolutionaries would deepen this year, he asked the advisory members to arm themselves with unswerving belief in free democracy and assert themselves in a dauntless manner.

Meanwhile, the members received a briefing on the government's unification policy and inter-Korean dialogue by National Unification Minister Yi Hong-Ku.

DJP Criticizes Hyundai Management for Violence
SK1401002488 Seoul THE KOREA TIMES in English
14 Jan 89 p 2

[From the "Press Pocket" column: "DJP Hits Hyundai"]

[Text] The Democratic Justice Party bitterly condemned Hyundai for its senior executives' involvement in the beating of unionists and urged the law enforcement authorities to conduct a thorough investigation.

In a statement issued at the end of an executive meeting, spokesman Pak Hui-tae said, "Hyundai should be held responsible for the incident. It is more than deplorable for senior Hyundai officials to have been involved in such action for the second time."

Han Yu-tong, executive manager of Hyundai Engineering, was arrested yesterday for mobilizing moderate unionists to assault hard-liners. Last summer, executives of Hyundai Construction were arrested for kidnapping a union leader.

He disclosed that many DJP officials had harshly criticized the Hyundai business group for the repetition of oppression of the labor movement.

A lot of ruling party officials do not have a favorable sentiment toward Hyundai reportedly for its wooing of only opposition Assemblymen who constitute a majority in the House.

Kim Chung-kwon, the DJP-side vice chairman of the Assembly irregularities committee, once maintained that Hyundai reportedly gave Grandeur sedans to several opposition panel members to prevent them from asking pricking questions of Hyundai founder Chong Chu-yong, during a hearing. The oppositionists actually took too low a profile during the hearings.

PPD Suspects Government Role in Hyundai Case
SK1401002688 Seoul THE KOREA TIMES in English
14 Jan 89 p 2

[Text] The Party for Peace and Democracy claimed yesterday that government authorities are suspected of having played a role in the sensational Sunday attack on Hyundai union leaders in Ulsan.

The party also insisted that the Hyundai management certainly intervened directly in the terrorism.

In a report on its own investigation of the incident, the largest opposition party, led by Kim Tae-chung, alleged that the assault, which left some 20 Hyundai union leaders injured, was carried out with the management's connivance.

Party president Kim said that the PPD would ask the National Assembly to invoke the right to investigate administration affairs with regard to the Hyundai case.

In a meeting with reporters, the PPD leader said that the party "is determined to elucidate the true picture of the incident through parliamentary hearings and an on-the-spot investigation."

"The Hyundai incident is a product of the premodern character of our enterprises and the undemocratic nature of the current regime," he argued.

"The incident took place as a result of the government's biased view of the labor union movement," he said.

"We will make the incident an occasion to help ensure a righteous democratic labor movement legally and substantially by disclosing the whole truth about the case," he stressed.

Hyundai Industries Suspends Operations 14 Jan
SK1401003488 Seoul THE KOREA TIMES in English
14 Jan 89 p 3

[Text] Hyundai Heavy Industries, the largest shipbuilder in Korea, was forced to shut down its Ulsan-based shipyard yesterday, embroiled in the worst labor turmoil in the wake of the armed assault on militant union representatives.

The shipbuilding company, a mainstay of the Hyundai Group, with roughly 20,000 on the payroll, has suffered grave setback due to repeated labor-management frictions.

About 10,000 blue collar workers staged a rally at the shipyard's stadium Thursday, demanding an apology from the management for the early Sunday morning attack.

The Hyundai Heavy Industries announced Thursday that it would indefinitely suspend the shipyard operation because continued rallies and demonstrations made normal work impossible.

Approximately 5,000 employees held a massive rally in the shipyard yesterday, calling for withdrawal of the shutdown and resumption of collective bargaining.

About 1,000 workers also gathered at the dining hall of Hyundai Engineering yesterday morning.

They demanded that the law-enforcement authorities arrest and punish those who masterminded the violence.

The representatives of the Hyundai Group's dismissed unionist consultation committee asked police to investigate Chong Mong-chun, chairman of Hyundai Heavy Industries, and Chong Chu-yong, honorary chairman of the conglomerate, for their possible wirepulling in the disputed terrorist incident, issuing a statement naming the committee's position on the case.

According to a report, honorary chairman Chong had advised senior executives to normalize the crippled operation of Hyundai's companies as quickly as possible before departing for a business visit to the Soviet Union.

Chairman Chong of Hyundai Heavy Industries, police said, had urged the senior executives to end the disputes at the shipyard and other subsidiaries of the group as early as possible at a meeting two days before the assault.

Police arrested Han Yu-tong, 50, managing director of Hyundai Engineering for his leading role in the violence.

Radical labor leaders and dissident groups criticized police for foot-dragging in probing the case.

Han persisted that he alone had plotted the terrorist assault, denying the role of other executive officials in the incident.

Workers, Dissidents Protest 'Assault' on Union
SK1701012889 Seoul THE KOREA TIMES in English
17 Jan 89 p 3

[Text] Approximately 20,000 blue collar workers, activist university students and dissident leaders held a massive rally Sunday against the controversial terrorist assault on the militant union representatives of the Hyundai Group in Ulsan, the seat of the conglomerate's shipyard.

Denouncing the armed attack on the radical unionists Jan. 8, they demanded the step-down of the group's honorary chairman Chong Chu-yong, reinstatement of the dismissed laborers and acceptance of the collective bargaining draft.

The rally was held on the side of the Taehwa River in the industrial city of Ulsan for two and a half hours from 2:30 p.m. Sunday.

They also called for nonintervention of public power in the labor disputes, claiming that the attack on the Hyundai Group's unionists was a sign of the government's suppression of the labor movement.

The participating laborers, students and dissidents decided to hold an anti-government rally in the Taehan-gno street in eastern Seoul at 2 p.m. on Sunday.

The dissident leaders including Paek Ki-wan, Kim Kuntae and Yi So-son also demanded that the law enforcement authorities arrest honorary chairman Chong, Hyundai Heavy Industries chairman Chong Mong-chu and the mayor of Ulsan in connection with the terrorist violence against the labor leaders.

After the rally they marched roughly 7 km to the rotary of the Industrial Tower in the hub of the city, chanting "free labor movement" slogans.

They voluntarily dispersed after burning honorary chairman Chong in effigy.

There were no reports of clashes with riot police in the rally or in the ensuing demonstration.

Police, meantime, questioned To Yong-hwe, 49, yesterday to establish whether he took part in the violence case.

The investigators also summoned Kim Song-sil, 33, a driver, yesterday for questioning.

Kim allegedly drove a Bongo van to the villa where the labor leaders were assaulted by the pro-management employees on the early morning of Feb. 8.

Up to the present time, 13 people have been under official arrest for their involvement in the violence.

Han Yu-tong, 50, managing director of the Hyundai Engineering Co., is among the 13 arrested.

In a related development, the Ulsan branch of the Pusan District Prosecutors' Office, has organized a special investigation team to probe the attack.

Police Role in Labor Union Assault Questioned
SK1901010489 Seoul THE KOREA TIMES in English
19 Jan 89 p 8

[Editorial: "Police Acquiescence in Violence"]

[Text] The vital duty of the police is to maintain legal order and public security so as to protect citizens' lives and property from criminal acts.

Their most important mandate is to prevent crimes, and they ought to crack down on culprits promptly after offenses take place.

However, most regrettably, local field police have been almost found to have acquiesced in the controversial Jan. 8 terrorist assault on radical unionists of the Hyundai Group, at least in neglect, if not dereliction, of their duty to prevent violence.

Notably, a National Assembly ad hoc investigation team has alleged that, though informed beforehand of the terrorist acts, police acquiesced in the violence without effectively moving to prevent the incident, and lamentably intended to cover up the violence afterwards.

Indeed, if true, these actions would disgrace the national police, affecting the people's confidence in them.

According to their own probe, police failed to take proper action to prevent the violence, though informed beforehand of it.

Policemen on the spot first checked three suspect vehicles passing by a police box but were ordered by a senior police officer, who heads the intelligence section at the Ulsan Police Station, to keep the vehicle check secret, after letting them pass so as to commit the terrorist act, according to the reported findings.

Thus, the police took no action to prevent the violence, resulting in virtual acquiescence in a crime by a group of terrorists, led by a labor trouble-shooter Yi Yun-sop, known to be a Korean-American.

Yi, now in detention, charged with taking the lead in the assault, was first held for about an hour at the police box, but later set free by an order from above, according to the parliamentary probe.

Police are once again urged to reflect on themselves and return to their proper position and role.

To this end, they ought to be integral in the performance of their duty so as to restore public confidence in the police force.

By so doing, the law-enforcement authorities will find their proper place in society, in a shift from their being a target of public denunciation, due to the lack of public security allowing the people's safe existence.

Needed is the strict neutral position of police in the conduct of their duty. They should not remain weak toward the strong, while getting rather strong in dealing with the weak. They should reflect on themselves if they were not unduly high-handed with workers, while submissive to the management of the Hyundai Group.

Undisputedly, all law-enforcement authorities must be strictly neutral in the exercise of official power between both labor and management, only siding with law and order. They should be faithful to the protection of innocent citizens from all sorts of crime by all means, even at the risk of their lives.

In order to get rid of their disgraceful name, "blind servants to authoritarian government power" in the past and also criticism that they are so weak-kneed before large business conglomerates, police now need to probe themselves to ensure the same measures are used in dealing with all offenses.

Of course, further investigation is needed to ferret out the existence of any links between the Hyundai management and higher government officials in connection with the terrorist act.

In addition to the parliamentary probing, both police and prosecutors are called upon to be thorough in bringing to light the true picture of the Hyundai violence against unionists in such a way as to completely dissipate public suspicions about the police cover-up of the case.

Labor-management disputes have emerged as one of the grave issues at the moment facing our society in the process of the ongoing democratization program. As President No Tae-u again emphasized in his Tuesday press conference, illegality and violence cannot be tolerated.

It must be a grave issue if police officials are found to have connived with and helped a group of terrorists attack hard-line unionists at a meeting, as such an act is in total violation of police duty and democratization as well.

Due punitive action must be taken against all responsible for the misconduct by policemen, not to mention the terrorists.

Group Action Favored in Settling Labor Disputes
SK0801035089 Seoul THE KOREA TIMES in English
8 Jan 89 p 3

[Text] Seven out of 10 workers regard such group actions as walkouts, sit-in protests and go-slows as unavoidable in solving labor disputes and the rest not accepting them as desirable, a recent survey said.

That is, group action in labor disputes is not considered the best way, but is accepted as inevitable by the majority of workers, according to a survey by the Institute of Social Science at Seoul National University.

The survey on workers' attitudes toward labor-management conflicts indicated that 71 percent of the respondents lean to group action in labor-management disagreements, although not seeing it as desirable. But the remaining 29 percent of the pollees ruled out such organized action, fearing that it might bring social unrest.

The institute, commissioned by the Ministry of Labor Affairs, conducted the poll on 1,366 workers at 29 firms across the country last October. The survey, titled "Research on the Sound Development of Trade Unions and Promotion of Labor-Management Relations," was conducted by students in the Department Social Science, under the guidance of Prof. Han Wan-sang.

As to the involvement of dissident groups and dismissed workers in labor disputes, 56.6 percent of the surveyed showed an affirmative reaction and 32.8 percent a negative one.

Questioned who is responsible for labor-management conflicts, 65.7 percent responded that managements are responsible, 7.4 percent pointed to unionists. But 26.9 percent viewed that both labor and management should be blamed.

Mutual understanding between labor and management camps appears very poor, according to the survey. Only 34.5 percent thought that employers have decent attitudes to their employees, while 61.7 percent believe that

employers are too profit-oriented and autocratic in dealing with workers' problems such as pay increases and the improvement of working conditions.

On current labor-management relations, 20.9 percent responded "going well," 44.5 percent "mediocre," and 33.8 percent "getting bad."

Asked about the apparent effect of labor union's activities such as agreements on wages and welfare, 61.8 percent thought there has been a big improvement, 26.9 percent no salient benefit and 5.5 percent poor results.

The survey showed that a minority of workers are deeply engaged in labor disputes. Only 10.3 percent said they actively take part in labor conflicts and 51.3 percent said they have experience of participating in labor struggles.

But, 65.5 percent said they have a keen interest in labor disputes, though not taking part in group actions actively. About one-fourth of the surveyed said they have no interest in strikes.

The labor-managements relationship, according to the study, is patterned on the Japanese style which puts priority on a sense of collectivism between employers and employees. Only 14.2 percent said that the welfare of employees has nothing to do with the company's development.

Prosecution Likely To Arrest Chang Se-tong
SK1701012689 Seoul THE KOREA TIMES in English
17 Jan 89 p 3

[Text] Chang Se-tong, chief of the presidential secret service to former president Chon Tu-hwan, is likely to be arrested within this week, as soon as prosecutors finish probes into circumstantial evidence of the scandalous fund-raising for the Ilhae Foundation.

Chang, who is suspected of abusing power in compelling business leaders to donate large sums of money to Ilhae, will be questioned Thursday.

Early this week, the prosecutors' probe will center on big-name businessmen—Chong Chu-yong, honorary chairman of the Hyundai Group, Yi Kon-hui, chairman of the Samsung Group, and Kim U-chung, chairman of the Daewoo Group.

Chong Chu-yong will be questioned tomorrow on whether he played a pivotal role in fund-raising for Ilhae. The probe will be focused on whether there were compulsory donations by businessmen to the Ilhae fund. Chong once said at recent parliamentary hearings that businessmen made donations voluntarily in the early stage of the fund collection.

According to prosecution sources, Ku Cha-kyong, chairman of the Lucky-Goldstar Group, and Pak Tae-chun, chairman of the Pohang Iron and Steel Co., will not be summoned.

Prosecutors said that no special date is set this week for questioning Rep. Yi Won-cho of the Democratic Justice Party. Yi, former chief presidential financial advisor, is suspected of funneling the Petroleum Development Fund into Chon's private political fund.

Yi is also suspected of abusing power while serving as president of the influential Office of Bank Supervision and Examination during the Fifth Republic.

Prosecutors called in two golf course owners to probe whether former cabinet members misused power in licensing golf courses yesterday.

The prosecution yesterday furthered investigations of two former ministers who were arrested on bribery-taking charges.

Cha Kyu-hon, former transportation minister, was learned to have received 80 million won in addition to 500 million won for which he was charged with bribery-taking originally.

Kim Chong-ho, former construction minister, was indicted yesterday for taking bribes while in office. He was arrested on charges of taking 160 million won in return for intervening in the renovation work of downtown Ulchiro street in Seoul.

Excavation Digs Out Human Skeleton in Kwangju
SK1401004488 Seoul THE KOREA TIMES in English
14 Jan 89 p 3

[Text] Kwangju—A human skeleton, whose skull bears what appears to be a bullet mark, was found on a hill in Chunam village, Wolnam-tong, and is believed to be one of the unidentified victims who were killed during the 1980 Kwangju uprising.

Yi Chi-hyon, leading a fraternity group of the wounded at the tragic military massacre, told reporters here yesterday that it was unearthed from the place where airborne troopers were stationed during the military operations to quell the May, 1980 uprising, which claimed nearly 100 lives.

The skeleton had been secretly buried on the hillside about 200 meters from Chunam village, said Yi. It is the third time human skeletons have been discovered since the National Assembly committee probing the Kwangju upheaval re-launched investigations of unidentified victims early this week.

Two skeletons were found at the village on Tuesday. But it is not yet known whether they are remains of victims of the military crackdown on protesting civilians.

Yun Yong-kil, 26, who dug out the skeleton, reported to the fraternity group, which claimed all the three skeletons are remains of tragic deaths.

He said he ran across the corpse first in late May, 1980. But, he could not report the finding to the authorities at that time.

According to the witness, the dead man was presumed to be aged in his late 20s.

Yun said he covered the corpse with leaves at that time and revisited the site early this week.

Former Soldier Claims To Witness Execution
SK1701011489 Seoul THE KOREA TIMES in English
17 Jan 89 p 2

[Text] A former sergeant of the Special Warfare Command, which was dispatched to Kwangju to quell a citizens' uprising in 1980, claimed yesterday that he saw two bullet-wounded men shot to death on a hill behind Chunam village at the order of a major on May 24, 1980.

In a press meet at the headquarters of the Party for Peace and Democracy, he identified himself as Choe Yong-sin, 35, a soldier of the 33rd Battalion, 7th Airborne Brigade, Special Warfare Command, dispatched to the provincial city.

He insisted that a major ordered three soldiers to "eliminate" the two citizens when they were brought to the hill behind Chunam village in a cart along with a high school girl who was also suffering from bullet wounds to her hand.

Defense Ministry Dismisses Claim
SK1701011689 Seoul THE KOREA HERALD in English
17 Jan 89 p 3

[Text] The Defense Ministry described as "nonsense" the assertion by a former paratrooper that paratroopers killed two civilians in Chunam village during the 1980 Kwangju civil uprising.

"It is nonsense that paratroopers of the 7th Airborne Brigade knew about moves of the 11th Airborne Brigade," Defense Ministry spokesman Yi Hung-sik said.

He said that the two units participated in airborne operations at different times and places.

The former paratrooper earlier in the day claimed that he saw two bulletwounded men shot to death on a hill behind the village on the orders of a major on May 24, 1980.

Identifying himself as Choe Yong-sin, he made the allegation at a news conference at the headquarters of the Party for Peace and Democracy.

Choe, 35, said he was a sergeant of the 33rd Battalion, 7th Airborne Brigade, Special Warfare Command, at the time.

DJP Makes 'Desperate Efforts' at Rebirth
SK1701004889 Seoul THE KOREA TIMES in English
17 Jan 89 Supplementary Edition p 1

[By staff reporter Kim Chang-yong: "DJP Strives for Rebirth at All Costs"]

[Text] To stand on its own feet and to be reborn as the No Tse-u party are the two main themes best fit to describe desperate efforts which the minor ruling party is making to overcome the variety of disadvantages it faces.

The ever-flagging Democratic Justice Party is now reshaping its mechanisms and rewriting the party constitution, platform, and policy orientation, an outer and inner reform, in what is seen as a bold bid to keep up with the mandate of time—democratic progress amid social stability and preparations for national reunification.

It is also remending local networks, damaged by the low morale of members and depression of over 100 defeated chapter heads.

The all-out efforts are largely centered on promoting its roles as the government party and popularity among the electorate as a "party of the people" not only to back the administration in the legislative branch but to solidify No's political strength. And some of its pains are already paying off.

It has to succeed in a mid-term appraisal of President No's achievements and elections for local councils, both slated for this year, with far-reaching implications in future politics, for their rivals, as well as the administration and the ruling party.

The crucial political schedule is demanding total refurbishing of the party, founded by disgraced president Chon Tu-hwan eight years ago, into one matching No's democratic image, coined by his stunning June 29, 1987, declaration and boosted through the presidential campaign later that year.

No has declared an opening of politics that gives the people hope for bright prospects and an end to old political behavior which has plunged into conflicts over the vestiges of the past authoritarian rule.

In a ceremony of the eighth anniversary of the party's founding, the first event conducted under his leadership Saturday, he said, "Our party has been open to criticism as public attention was focused on the evils of the past era. Now is the time to stop looking into the past and to prepare for the future."

"The DJP is urged to reshape itself into a new democratic party and improve its adaptability to new circumstances to gain popular trust. We have to keep spurring ourselves," he said.

The President maintained that it is only the DJP that is capable of harnessing "surging" national energy into further development of the country on the basis of self-confidence and esteem stemming from the creation of the "Miracle of the Han River," citing conspicuous economic growth and enhanced national standing in the international community.

The Central Political Training Institute, the venue of the ceremony, was full of hitherto rarely high morale of party members, who resolved to refresh themselves and their party, sparing no efforts for the happiness of ordinary people, and to play a leading role in seeking reconciliation with the people and national reunification.

Chairman Pak Chun-kyu echoed No's ideas and proposed a concerted march towards political freedom, economic justice and social stability. He placed accent on the need to strongly identify among the one million-strong members the "spirit" of the June 29 declaration featuring an eight-point reform plan which he said is a basic guideline of the No party.

He said that the party would be dedicated to realizing of No's political philosophy.

Pak who has a long political career and a profound academic background painted the future course of the party as rosy and an early sign of the DJP's recovery from the recession was the recent joining of it by four independent Assemblymen.

Chon's legacies put the DJP in the doldrums throughout last year, coupled with a humiliating setback in the April 26, 1988, elections which denied the party, which was buoyed by No's win in the December vote, a majority in the National Assembly unprecedented in recent history.

The DJP has kept a low profile in the parliament and in the rest of society at large and its popularity, even in its own surveys, had fallen short of the steadily growing public favor for No, who also acts as the DJP's president.

The DJP launched the Party Reform commission, headed by secretary general Yi Chong-chan, last November to hammer out diverse plans to wipe out vestiges of the founder and lead a new age for the ruling party under the leadership of the elected President.

The first subcommission is inventing new platform and ideology, the second subcommission studying the revision of the party charter and the revamping of party structure and personnel administration, and the third subcommission drawing an emblem and ways to consolidate collaboration with the Cabinet and raise political funds.

The commissions are designed to restore the DJP's upper hand in bargaining with opposition parties and gaining the initiative in overall parliamentary activities, expand its power base and simultaneously increasing its voice in the whole ruling camp.

Secretary general Yi views that the party is now standing at the starting line again and that it should dash to its five original goals which it put up when established—the pursuit of national identity, democracy, justice, welfare and reunification of the divided country. "The hard work will be based on prescriptions being mapped out by the commission."

The standing Policy Committee, the DJP's think tank, will also work out projects for the second year of No's five-year tenure. The committee, composed of the policy coordination committee, 15 subcommittees and nine ad hoc committees, is the party's pride because of its rich human resources skilled in the use of timely public policies.

It has decided to place priority of the party's business on implementing the June 29 declaration and the impressive July 7, 1988, proposal for appeasement with socialist countries in an initial step for the settling peace on the peninsula and reuniting of the people dispersed in the divided halves.

According to its plans for the New Year, the party will contribute to revising undemocratic legislation, early recovery of scars inflicted on people by the previous government, perfect protection of human rights, fair application of laws and regulations, increasing employment, nurturing small businesses and a cure for regional antagonism.

In line with the No administration's orientation towards peace on the volatile peninsula and detente with the East bloc, it will help beef up Korea's national security posture for war deterrence and push ahead for peaceful reunification, pave the way for direct trade with Pyongyang and strengthen diplomatic overtures to socialist nations.

The DJP faces a lot of bottlenecks that must pass through.

One is the settlement of lingering controversy over the problem of Chon which requires a bitter resolution with his life-long friend No, and the other is its minority status in the parliament, to name two.

The ruling party is seeking an alliance with moderate opposition parties for the passage of government policies through the parliament which it expects will develop into coalition with them in a dramatic reversal of its weak stance.

DJP Celebrates Founding in 'Lowest Mood'
*SK1501045789 Seoul THE KOREA HERALD
in English 15 Jan 89 p 2*

[By staff reporter Sim Yong-su]

[Text] The ruling Democratic Justice Party yesterday celebrated its eighth birthday at its lowest mood since it was founded by ex-President Chon Tu-hwan in early 1981.

Chon has been in internal exile at a remote Buddhist temple on Mt. Sorak with his wife Yi Sun-cha since last November after surrendering all his wealth and apologizing to the people for misdeeds during his rule.

And several key founding members of the party have been jailed in recent weeks on charges of corruption and abuse of power.

Thursday, Yi Hak-pong, a party lawmaker and Chon's presidential secretary, was arrested. He was charged with abusing power while serving Chon.

As some DJP lawmakers put it, the party appears to be drifting.

The ceremony marking the DJP's eighth year was held at the party's Central Political Training Institute without much fanfare.

Trying to boost the morale of the party, President No Tae-u told party members "not to look behind but to look forward."

The party was formed hastily eight years ago by Chon and his close associates to pave the way for Chon's seven years of authoritarian rule.

The DJP, using its parliamentary majority, rammed through the National Assembly one after another hard-line bills to suppress dissidents and to consolidate Chon's powerbase.

One of the bills was the Basic Press Act primarily designed to force the press not to carry articles critical of the government.

A high party lawmaker recently said the party needs to be completely revamped.

Though Chon surrendered his party membership in a last show of loyalty to the DJP days after he went into self-imposed exile, it did the party little good.

The biggest problem facing the party is its image crisis. As a high party lawmaker said, many people feel betrayed by the DJP.

"This party came into being just eight years ago promising to build a just, corruption-free nation. But the previous government is widely branded as the most corrupt in the republic's history. What will the people think of this party?" asked the official who requested his name not be used.

The party suffered a blow when Chon's younger brother Kyong-hwan was arrested late March on charges of embezzling public funds and influence-peddling.

The case heightened popular hostility toward the DJP, leading to its defeat in the April 26 general elections.

The ruling party failed to retain a majority of parliamentary seats, giving birth to the unprecedented era of a "small ruling party and large opposition."

The party suffered a further setback in the closing months of 1988 when the National Assembly conducted an audit and inspection of the administration for the first time in 17 years and held nationally-televised hearings on the Chon administration's corruption for the first time in the republic's history.

The hearings added fuel to the anti-Chon and anti-DJP feeling by substantiating one after another allegations against Chon and his associates.

The hearings, which often lasted until past midnight, broke TV viewing records reflecting the huge popular interest.

Once late last year, speculation was widespread that the ruling party was considering changing its name to sever its ties with Chon era. Another rumor had it that the party might be dissolved.

The rumors were immediately dismissed by the party leadership as "groundless." But the party partly reflected the popular view of the party as a "sinking ship," as it was once described by an opposition leader.

Since the start of the year, the ruling party has embarked on a laborious task to rebuild the party through democratic reform.

One accurate diagnosis of the party's ills came from DJP Chairman Pak Chun-kyu recently.

Pak, speaking at a public debate late December, said the party officials should not spend a moment thinking about the next elections and instead, devote their energies to internal reforms.

"We are not in a position to seek to regain power in the next presidential election at the moment. To rebuild the party through internal reforms is our foremost task and the only way to save the party," Pak told the debate.

The rebuilding work will not be easy in view of the party's low morale as well as emerging factional disputes.

The latest factional strife was over the chairmanship, the No. 2 post, before Pak succeeded Yun Kil-chung in the Dec. 22 reshuffle of the party leadership.

A key rival was Yi Chong-chan, now party secretary-general, who is regarded as a promising candidate for the 1993 presidential election.

One popular question is whether the people will be able to get a fair, unbiased view of the party, forgetting their memory of the Chon era.

No Speaks at DJP Founding Party

SK1501042189 Seoul THE KOREA TIMES in English
15 Jan 89 p 2

[From the "Press Pocket" column: "'Oldest Party'"]

[Text] President No Tae-u yesterday vowed to pursue full democracy on a gradual, but strenuous manner by saying, "I walk slow but never wobble."

He received a large round of big applause after making the remarks during a reception celebrating the 8th anniversary of the founding of the governing Democratic Justice Party, at the Central Political Training Institute at Karak-tong, eastern Seoul.

Commenting on a spate of demands by the people to sweep away past irregularities at once, No who is also the DJP's president said, "People do not demand to liquidate evil legacies committed during the seven-year Fifth Republic but all those for the past 40 years. So there are many difficulties ahead for the government."

He added, "I will do my best but I dare say that it will be impossible to meet the demands at one stroke."

No urged the DJP to lead the political situation, saying, "The DJP is the party with the oldest history among the four major parties. So, it should behave befitting of the image of the eldest brother."

New Law To Sternly Punish Firebomb Users

SK1701012489 Seoul THE KOREA TIMES in English
17 Jan 89 p 3

[Text] Firebomb users will face stern punishment when an anti-firebomb bill becomes legislation by the end of February at latest, said the National Police Headquarters yesterday.

People using firebombs who cause arson and casualties will be given a jail term of up to seven years, said a spokesman for the NPH which is putting the final touches on the draft of the bill.

The Home Ministry will submit the bill to the Cabinet within this month and then to an extraordinary session of the National Assembly for approval before the spring semester starts in March, the NPH said.

According to the draft, incendiary bomb makers and carriers will be given three years in jail or 3 million won in fines. Those who make and carry inflammable materials for destructive purposes at violent demonstrations will be subject to the same punishment as those who use firebomb.

Attempted users of Molotov cocktails will also be subject to the would-be projected law.

Last year, the Home and Justice Ministries were split over the legislation of the Anti-Firebomb Law. The Justice Ministry held up the bill last November, saying that the laws governing arson as well as assembly and demonstration would be revised to deal with petrol bomb users.

But, the Home Ministry said that the enactment of the Firebomb Crime Law is inevitable to crack down on firebomb users.

A total of 225,944 petrol bombs were used, mostly at student demonstrations, across the country last year, according to National Police Headquarters.

Last year alone, one person was killed, 591 injured, 76 of them seriously, at 1,313 separate rallies where Molotov cocktails were employed, the police report said.

The total number of demonstrations staged across the nation last year dropped to 5,507 last year, from 10,386 cases in 1987. Student demonstrations were down to 1,313 in 1988 from 1,847 in 1987.

Burma

Journalists From Thailand Arrive in Rangoon *BK1801152989 Rangoon Domestic Service in Burmese* 1330 GMT 18 Jan 89

[Text] A team of 46 local and foreign journalists from Thailand led by Mrs Yuli Ismartono, president of the Foreign Correspondents Club in Thailand, arrived at Rangoon airport at 1045 today in a Burma Airways Corporation plane at the invitation of the Government of Burma.

The journalists were welcomed at the airport by authorities concerned. The responsible officials from the News and Periodicals Corporation of the Information Ministry hosted a luncheon for the journalists at the reception hall at Rangoon airport.

The journalists left the Rangoon airport at 1220 in two military planes for Loikaw to meet with students who had returned to their parents. The journalists were accompanied by U Kyaw San, member of the information committee of the State Law and Order Restoration Council; U Soe Nyunt, managing director of the News and Periodicals Corporation; Colonel Aung Thein, director of the People's Militia and Public Relations of the Defense Ministry; Lieutenant Colonel Than Tun, deputy director of the Defense Services Intelligence; Lieutenant Colonel Ye Tun, general staff officer, 1st grade; and local and foreign journalists in Burma.

More on Meeting With Students *OW1901074189 Tokyo KYODO in English* 0502 GMT 19 Jan 89

[Text] Taunggyi, Burma, Jan. 18 KYODO—The Burmese Government allowed some 50 Bangkok-based foreign reporters to travel to Loikaw in eastern Burma on Wednesday to meet with 22 students who recently returned from Thai border areas where they had fled following suppression of student-led street demonstrations last year.

This is the first time the military government has issued visas for such a large contingent of foreign reporters.

In initial interviews one student said that he and 23 other students had fled to an antigovernment guerrilla camp after hearing rumors that the national army was going to arrest those participating in pro-democracy campaigns.

But because life at the camp was hard and he caught malaria, he temporarily sought refuge in Thailand and came returned [as received] Burma at the end of last year, he said.

The student said he knew of no arrests of student demonstrators, and that democratization of Burma should be promoted and general elections should be held at an early date.

Also on Wednesday, the government radio announced that Burma's election committee on Wednesday set noon February 27 as the deadline for registration of political parties contesting proposed general elections. No date for the elections has been set.

So far, 182 groups have registered as political parties with the election committee.

Early last autumn hundreds of thousands of Burmese joined students in staging a nationwide pro-democracy campaign until a military crackdown was ordered after Prime Minister Saw Maung, an army general, came to power in a coup last September 18.

After hundreds of unarmed demonstrators were killed as troops ended the revolt, thousands of students fled to Thai border areas controlled by antigovernment guerrillas, seeking refuge.

Recently Thailand has begun cooperating with the government of Saw Maung in returning some 320 students to Burma.

Last week Amnesty International, the London-based human rights watchdog group, accused Thailand and Burma of abuses, saying Thailand forced back 22 students on January 7, and that three were subsequently arrested by Burmese authorities.

Deadline for Party Registration Set at 28 Feb *BK1801142689 Rangoon Domestic Service in Burmese* 1330 GMT 18 Jan 89

["Announcement No 187 of the Commission for Holding Democratic Multiparty Elections on Deadline for Application for Registration of Political Parties, dated 18 January 1989—12th day of the waxing moon of Pyatho, 1350 Burmese Era"]

[Text] 1. Since 28 September 1988 political parties and organizations which wish to participate in democratic multiparty general elections have been registering with this commission in accordance with the Political Parties Registration Law. As of today, a total of 182 political parties and organizations have been allowed registration.

2. This commission has given time to enable political parties from border areas and areas where communications are difficult to register as political parties.

3. As it is believed that political parties and organizations wishing to participate in the general elections have registered by now, the commission hereby announces noon of 28 February 1989 as the deadline for registration of political parties in accordance with Article 6 of the Political Parties Law.

[Signed] Aye Maung, secretary

Brunei, Malaysia & Singapore

Malaysia

Mahathir in 'Stable, Satisfactory' Condition
BK1901045389 Kuala Lumpur BERNAMA in English
0426 GMT 19 Jan 89

[Text] Kuala Lumpur, Jan 19 (OANA-BERNAMA)—The condition of Prime Minister Dr Mahathir Mohamed remains stable and satisfactory, director of the general hospital here Dr C.G.A. Fonseka said Thursday.

"He is resting comfortably and his doctors are very satisfied with his condition," he said in a statement.

The prime minister was admitted to the hospital Wednesday, after complaining of chest pains, due to a mild ischaemia of the front portion of the heart muscle.

The pains [are] caused by an inadequate supply of blood to an organ or part, as from an obstructed blood flow.

The prime minister is expected to remain in hospital for about two weeks.

National Economic Consultative Council Launched
BK1901072489 Kuala Lumpur BERNAMA in English
0656 GMT 19 Jan 89

[Text] Kuala Lumpur, Jan 19 (OANA-BERNAMA)—Prime Minister Dr Mahathir Mohamed said Thursday a realistic approach should be taken in drawing up Malaysia's post-1990 economic policy.

He said his government realised that the objectives of the New Economic Policy (NEP), introduced after the 1969 racial riots and ending next year, were over-optimistic in hoping to eradicate poverty and an equitable redistribution of the nation's economic wealth among the various races.

He said this in a speech at the launching here of the post-1990 National Economic Consultative Council (NECC), at which 150 people, from both the Malay and non-Malay communities and representing both government and opposition political parties as well as social and welfare organisations, are to draw up the economic strategies which are [to] lead Malaysia well into the 21st century.

Mahathir's speech was read by his deputy, Ghafar Baba. The prime minister has been hospitalised for chest pain.

Mahathir said it is not realistic to eradicate poverty as it even continues to exist in wealthy countries like the United States, Japan and in Europe where many people still depend on the dole to survive.

Poverty can only be reduced to a level where famine and starvation, as have happened in several countries, do not occur here, he said.

On efforts to redistribute economic wealth, Mahathir said the indigenous people in the corporate sector have gained only about 20 per cent although the target is 30 per cent.

The prime minister said despite the conflicting views on the effects of the NEP, the country's performance in the political, economic and social fields during the NEP period was encouraging.

Economic growth was rapid while per capita income, estimated at 350 U.S. dollars when the country achieved independence in 1957, rose to 2,000 U.S. dollars in the early 80s.

Due to several factors including the fall in value of the ringgit, the per capita income dropped to 1,800 U.S. dollars but this has not affected the standard of living in the country because inflation during the recession was kept down to only one percent.

Chatchai on PRK Settlement, SRV Refugees
BK1801124189 Kuala Lumpur BERNAMA in English
1128 GMT 18 Jan 89

[Text] Kuala Lumpur, Jan 18 (OANA/BERNAMA)—Visiting Thai Prime Minister Gen. Chatchai Chulhawan Wednesday expressed satisfaction over the recent visit of Thai Foreign Minister Sitthi Sawetsila to Vietnam for talks on the Kampuchean problem.

He told Deputy Prime Minister Abdul Ghafar Baba, who called on him at his hotel suite here, that Thailand and Vietnam had reached a broad area of agreement on efforts to resolve the 10-year-old conflict.

Deputy Secretary-General of the Foreign Ministry Abdul Majid Mohamed, briefing reporters after the 30-minute discussion, said Gen. Chatchai said "everything was moving in the right direction" and that Vietnam's decision to withdraw its troops by September was welcome news for the Thai people and other ASEAN countries.

Malaysia and Thailand are members of ASEAN along with Brunei Darussalam, Indonesia, Philippines and Singapore.

Ghafar, Majid said, replied that the outcome of Encik [Mr] Sitthi's visit would augur well for ASEAN's efforts "to see a quicker solution of the Kampuchean problem."

Gen. Chatchai, who is also defence minister, arrived here earlier Wednesday for a two-day visit to attend the Thai-Malaysia General Border Committee meeting. He and Defence Minister Tengku Ahmad Rithauddeen will jointly chair the meeting Thursday.

Sitthi paid a four-day visit to Hanoi on Jan 9 and held talks with Vietnamese leader Nguyen Van Linh and his counterpart Nguyen Co Thach.

He was quoted as saying his visit "surpassed expectations" and that both countries had narrowed their differences and were in the process of cooperating to resolve the Kampuchean problem.

Vietnamese troops invaded Kampuchea in December 1978, toppling the Chinese-backed Khmer Rouge the following month. The UN-recognized Coalition Government of Democratic Kampuchea, comprising the Khmer Rouge and followers of Prince Norodom Sihanouk and former Premier Son Sann, has been fighting the Vietnamese troops since then.

On the refugees problem, Datuk Abdul Majid said Gen. Chatchai said the response of the Vietnamese side to the problem was forthcoming.

The Thai premier said Vietnam had shown "keenness in seeing the repatriation of the Vietnamese boat people be expedited," Majid said.

Joint Security Operations With Thais Continue
BK1901085889 Kuala Lumpur International Service in English 0800 GMT 19 Jan 89

[Text] Malaysia and Thailand have agreed to continue to launch security operations against the communist terrorists along their common border.

Defense Minister Tengku Ahmad Rithauddeen said this after a meeting of the Malaysia-Thailand General Border Committee in Kuala Lumpur today. He said coordinated as well as unilateral operations, carried out by security forces of both countries, have caused setbacks to the communist terrorists.

The committee also agreed to hold its next meeting in Thailand at the end of this year. The Thai delegation to the meeting was led by Prime Minister General Chatchai Chunhawan, who is also the defense minister.

Cambodia

Protocol on Trade Cooperation With SRV Signed
BK1901055589 Phnom Penh Domestic Service in Cambodian 0430 GMT 19 Jan 89

[Text] A protocol on scientific and technological cooperation, training for trade cadres, and trade exchange for 1989 between the PRK and SRV trade ministries was signed by Comrade Top Sam, deputy minister of the

PRK Trade Ministry, and Comrade Pham Bai, deputy minister of the SRV Trade Ministry, in a ceremony held at Vat Phnom restaurant in the afternoon of 18 January.

CGDK Leaders Issue Statement 18 Jan
BK1901070189 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 19 Jan 89

[Text] Leaders of the CGDK resistance groups said yesterday that the negative stance and stubborn attitude of Vietnam and the Heng Samrin regime will not ensure the success of the second Jakarta Informal Meeting [JIM-II].

A statement, issued yesterday and signed by His Excellency Son Sann, president of the KPNLF; Prince Norodom Ranariddh, personal representative of Samdech Norodom Sihanouk and commander in chief of the ANS; and Khieu Samphan, president of Democratic Kampuchea, said: according to information received by the CGDK dealing with the negative stance and stubborn attitude of the other side toward solving the Cambodian problem, the success of JIM-II cannot be guaranteed.

The statement further said that the CGDK would announce at an appropriate time whether it would attend JIM-II depending on the attitude of the other side toward solving the Cambodian problem.

It also called on more nations to support the 5-point proposal of Samdech Norodom Sihanouk, who had said not long ago that he would go to Jakarta but would not participate in JIM-II.

Indonesian Foreign Minister Ali Alatas announced in Jakarta yesterday that JIM-II would be held from 19 to 21 February.

Son Sann Interviewed on JIM-II Developments
BK1901094189 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 19 Jan 89

[Interview with Son Sann, KPNLF president and CGDK prime minister, by unidentified station correspondent—recorded; date, place not given]

[Text] [Unidentified correspondent] Greeting to Your Excellency KPNLF President. I have received reports that there are many new events relating to the search for a solution to the Cambodian problem. In Your Excellency KPNLF President's view, do you think there have been new developments in the search for a solution to the Cambodian problem?

[Son Sann] I think there have been many new developments, and there will be more soon. We should not forget that in November 1988 at the United Nations, 122 countries voted in support of the UN resolution calling for negotiations among warring factions and for self-determination of our people through general elections

without outside pressure. Another new event was the realization that measures should be taken to prevent the genocidal regime from returning to power. This should be recalled.

Apart from this, we should express thanks to those countries that have been helping us, including President Reagan of the United States and Mrs Margaret Thatcher. ASEAN, China, and the Soviet Union have also conducted negotiations. We have already heard that a summit will be held between Gorbachev and His Excellency Deng Xiaoping in Beijing. And recently, as compatriots have already heard, Thai Foreign Minister Sitthi Sawetsila went to Hanoi to have direct talks with Nguyen Co Thach. From what I read in the papers, a lot has been achieved. Those conducting negotiations should be congratulated. At those negotiations, the Vietnamese troop withdrawal was discussed first; second was the end of international assistance and of interference in the current war in Cambodia. In my view, this means the end of all assistance once Vietnam withdraws all its troops. If there is even a single Vietnamese left, assistance should not be stopped. The end of assistance should apply not only to the Cambodian resistance but to Phnom Penh as well; all Vietnamese should leave. It should be this way, in my opinion.

Another point discussed between His Excellency Sitthi Sawetsila and His Excellency Nguyen Co Thach was the method of international supervision of the troop pullout to ensure peace in Cambodia. Frankly, I would like to say that this supervision should be effective. Furthermore, the two personalities also exchanged views on the second informal meeting in Jakarta (JIM-II). His Excellency Sitthi Sawetsila requested the attendance of new countries, such as big China and the Soviet Union. In my view, if other countries are allowed to attend, I would also request the presence of countries in the UN Security Council, meaning the five superpowers. Now we have China and the Soviet Union; the United States, France, and Britain should be present as well. Why do I say all these countries should attend? This is because in the future, it is these five countries that will provide an effective guarantee for peace in Cambodia. I would like to recall the deeds of these countries, such as Britain. Britain was the first country to express concerns about Cambodia since 1976-77 in Geneva. A protest was made to the then UN Secretary General Waldheim, who forwarded this issue to the UN Commission on Human Rights in Geneva. At that meeting in Geneva, no one was helping Cambodia except Britain. We, Cambodians, should not forget this. At that time, we were facing very hard times; no one cared about us.

Afterward, as you know, Mrs Margaret Thatcher went to Moscow and raised the Cambodian issue with Gorbachev on behalf of Europe. Following that, British Prime Minister Mrs Margaret Thatcher presented assistance to our compatriots at Site B. After that, or maybe before, Sir Geoffrey Howe, British foreign secretary, also handed over aid to refugees at Site 2. And recently, a

British lord presented aid to Site 2. We should not forget that Britain and the Soviet Union cochaired the Geneva international conference in 1954, and that this conference solved the Indochinese problem for us once already.

Another new development is that Vietnam now requests a meeting with China in Beijing. There are many new developments, and in my view there will be more.

[Correspondent] Thank you Your Excellency KPNLF President. Your Excellency President said the second informal meeting in Jakarta should include the five permanent members of the UN Security Council. Therefore, will the KPNLF send a delegation to attend this meeting?

[Son Sann] A few days ago our coalition government requested that the meeting in Jakarta be postponed because there was nothing new. However, since we issued that statement, there have been new developments. Sitthi Sawetsila should be congratulated. He achieved a lot in Hanoi with Nguyen Co Thach. We see that Nguyen Co Thach agreed to do this and that; this is new. This should encourage us to attend the meeting. Samdech Sihanouk has also agreed to be there. As for us, the coalition government, in view of these new developments we should be there as well.

[Correspondent] Thank you. During the talks between Thai Foreign Minister Sitthi Sawetsila and Vietnamese Foreign Minister Nguyen Co Thach, there were reports saying that the two foreign ministers shared the same view that it is not necessary to have the presence of an international control commission or an international peacekeeping force but only an effective international control which would ensure security for the Cambodian people. What is the view of Your Excellency KPNLF President?

[Son Sann] On this point, I would like to specify what ought to be supervised in order to provide genuine peace for the Cambodian people. In my view, there should be supervision by an organization which has enough force and means to supervise the cease-fire and the withdrawal of all Vietnamese troops from Cambodia along with the hundreds of thousands of Vietnamese nationals. It is also necessary to supervise the elections. As long as all this is done by an effective organization, I do not care about the name of the organization, provided it is capable and effective. On this point, I would like to request an organization that is experienced in these matters. The United Nations, for example, should be proposed. This year, the United Nations has received a good reputation. It has provided peace to many places. Therefore, we propose the United Nations for this task.

Names apart, frankly speaking, our compatriots want peace and strict and effective supervision; it is like our compatriots in the country who want clean and cold

water. It does not matter whether the water is put in a glass, in a cup, or in a coconut shell, as long as it is the water which all Cambodians want.

[Correspondent] Furthermore, in Your Excellency's view, what should be done so that a solution to the Cambodian problem be effective, successful, and definitive?

[Son Sann] I would like to inform all compatriots that this Cambodian issue is the duty of Cambodians. I have said to all four Cambodian parties in Bogor that as Cambodians, we should solve the problem ourselves and not let the international community blame us. We should not let the international community solve it on our behalf because this is our problem. It is our duty, our honor, and our nation's prestige demanding that Cambodians solve Cambodian problems. All Cambodian sides have an important role in expressing their views in order to end the conflict among Cambodians and provide peace to our people. This is the duty of Cambodian leaders. I therefore appeal to all compatriots inside the country, please judge and follow events to see which side really loves you and which side does not. I also appeal to the four Cambodian sides to make sacrifices to come to a mutual understanding so that the Cambodian problem be solved by Cambodians themselves.

[Correspondent] I would like to thank Your Excellency KPNLF President. Finally, do you have anything else to add for the Cambodian compatriots?

[Son Sann] I would like to take this opportunity to inform all compatriots that as Cambodians, all of us should strive to understand one another. If we do not work together, how can we have peace in Cambodia in the future? Moreover, whatever we do, we need to ask for international assistance. But we should be the masters of peace in Cambodia. We are a party which is currently fighting to liberate our country from the Vietnamese aggressors. Therefore, our compatriots must judge whoever is against this path. Our compatriots should not give the opportunity to those we want to see leaving our country to stay on, hidden among our troops and in our society.

First of all, I realize that the international community is genuinely assisting us. We, Cambodians, have met a few times already. We have made efforts. Some did not understand the issue of hundreds of thousands of Vietnamese nationals—even millions according to some sources—settling in our country and taking over our jobs. I have never heard anyone talking about this. The international community has not been discussing this issue, and Cambodian compatriots have not clearly talked about it. Only the working group in Jakarta, after the first JIM, started to talk about this; but nobody was really discussing the issue. This problem should be solved, otherwise we will not have peace. We do not know for sure how many Cambodians there are inside the country, about 5 or 6 million. If there are up to a million Vietnamese nationals settling in our land and

taking over our jobs, then we will have a serious problem in the future. This is why I appeal to the four Cambodian sides to examine this issue and solve it at JIM-II.

[Correspondent] On behalf of compatriot VOK listeners, I would like to thank Your Excellency Son Sann, KPNLF president and prime minister of the coalition government, for talking to our Cambodian compatriots.

Indonesia

Thai Prime Minister Arrives for Consultations

Meeting With Suharto Planned

BK1901065489 Jakarta ANTARA in English
0615 GMT 19 Jan 89

[Text] Jakarta, January 19 (ANTARA)—Minister/State Secretary Mardiono has acknowledged that the prime minister [PM] of Thailand, Chatchai Chunhawan, will arrive here Thursday afternoon [19 January] for a one-night unofficial visit to have consultation discussions with President Suharto.

"The consultation discussions with President Suharto will be resumed after dinner", State Secretary Mardiono told newsmen at Istana Merdeka here Thursday morning.

The discussions, according to Mardiono, will be carried out in the framework of consultations among ASEAN government leaders which has become a tradition in the last few years.

Asked about the subject matter, Mardiono said: "As usual, at consultation meetings no special agenda is prepared beforehand".

He further explained that the initiative for the visit and consultations with President Suharto came from the Thai prime minister.

The Thai prime minister is scheduled to return to Bangkok on Friday morning.

PM Chatchai, accompanied by five members of his staff, will arrive here by commercial plane from Kuala Lumpur after his visit to Malaysia as his country's minister of defence.

At the end of last October, several weeks after he was sworn-in as prime minister, Chatchai visited Indonesia to have an introduction meeting with President Suharto as Thailand's new head of government.

Chatchai, as quoted by the Malaysian news agency BERNAMA on Wednesday, stated in Kuala Lumpur that he was very satisfied with the results of the visit of Thai Foreign Minister Sitti Sawetsila to Vietnam in early January to discuss the Kampuchean problem.

He said that Thailand and Vietnam had reached an agreement in the efforts to find a solution in the ten-year-old conflict between the two countries.

Chatchai Arrives 19 Jan

BK1901101689 Hong Kong AFP in English 0905 GMT 19 Jan 89

[Excerpt] Jakarta, Jan 19 (AFP)—Thai Prime Minister Chatchai Chunhawan arrived here Thursday on an unscheduled and unofficial visit for talks on Cambodia with President Suharto.

Mr. Chatchai, who was greeted by Indonesian Foreign Minister Ali Alatas as he arrived from Kuala Lumpur, made no arrival statement.

The visit had not been previously announced and comes one month before a planned second regional meeting on the Cambodian conflict to be held here.

The two leaders are expected to focus on Cambodia during their talks scheduled for late Thursday, State Secretary Mursiono said earlier in the day. [passage omitted]

'Cautious Optimism' on Thai-Viet Rapprochement

BK1801113789 Jakarta THE JAKARTA POST in English 12 Jan 89 p 4

[Editorial: "Thai-Viet Rapprochement"]

[Text] Despite our ingrained skepticism—developed after years of following the vagaries of diplomacy in seeking a negotiated solution to the Kampuchean conflict—we think there is reason for cautious optimism in connection with the initial understanding achieved in Hanoi between visiting Thai Foreign Minister Sitthi Sawetsila and his Vietnamese counterpart, Nguyen Co Thach. We have yet to see the official text that sums up the items they have agreed on after days of talks and, if possible, find out whether the two foreign ministers have laid down the basis for an overall understanding on how those two most important countries on mainland Southeast Asia should manage the security order in their immediate region and the bilateral cooperation that would best serve their mutual interest.

The scheduled visit of Prime Minister [P.M.] Chatchai Chunhawan to Hanoi could then be an auspicious event to cement a broadbased cooperation framework after a rough understanding has been reached on the desired balance of security interests in what Thai political analysts like to refer to as the trans-Mekong area.

As far as Bangkok and Hanoi are concerned, it is within that framework that a Kampuchean settlement is plausible. After all, the "Kampuchean problem" has been a constant component in Thai-Vietnamese relations for at least the past 150 years. Both countries have always considered it an urgent national priority to see to it that Kampuchea—or Cambodia—becomes a dependable

buffer that will not be used by either of them to threaten the other. We should therefore not let ourselves be overly swayed by the euphoric claims emanating from Hanoi as expressed by both foreign ministers, Nguyen Co Thach and Sitthi Sawetsila, that between them they have essentially solved the Kampuchean problem.

Of course, we welcome this newly forged rapprochement between Bangkok and Hanoi since this would indeed simplify the solution of that frustrating jigsaw puzzle known as a negotiated settlement of the Kampuchean conflict. A complete rapprochement between the two mainland Southeast Asian powers, however, is very much dependent on whether they have reached a full understanding on the core of the entire problem: What sort of power mix should be installed in Phnom Penh that could function as a reasonably effective regime governing Kampuchea, and at the same time, respect the security interests of its two important neighbors—Thailand and Vietnam. If, for instance, Bangkok could be persuaded to accept the Heng Samrin regime as the centerpiece of a Kampuchean national reconciliation government since reality shows it is the de facto government, with Prince Norodom Sihanouk as the head of state and elements of the Coalition Government of Democratic Kampuchea—minus the Khmer Rouge—added to it, then the nasty residual problem would be what to do with the armed Khmer Rouge. Who will help Thailand in cleaning up their sanctuaries, and how can they be neutralized as an effective fighting force?

Vietnam, apparently, wants to make the best of its Kampuchean dilemma. As long as the post-settlement regime in Phnom Penh adopts an officially neutral position while protecting its strategic southern flank, increased economic cooperation with Thailand would seem to be a reasonable trade-off for Hanoi. Whether the Bangkok-Hanoi understanding will develop into a working proposition depends also very much on how the mercurial Prince Norodom Sihanouk evaluates the evolving political shifts in this diplomatic endgame towards a negotiated Kampuchean settlement. Right now he thinks he has the best cards in his hand by demanding the simultaneous dismantling of the Phnom Penh government and the Khmer Rouge, and his royal logic would have it that with international support he would again rule majestically in a new Kampuchea. He very well knows, as the reality on the ground shows, that as far as puppets go the Heng Samrin government, which last week celebrated its 10th anniversary, is the only effective power structure that should be assisted and strengthened in order to prevent the return of the bestial Khmer Rouge.

All members of ASEAN should be firm at this stage in their stand that, whatever the modalities of a final solution to the Kampuchean conflict will be, the Khmer Rouge should have no place whatsoever in Kampuchea. Especially Indonesia—which upholds strongly the principles of its state ideology, Pancasila—should be firm in preventing the possible rise of the Khmer Rouge. Our

inclination to ignore or belittle the Democratic [as published] Republic of Kampuchea under the leadership of Heng Samrin and Hun Sen because it is considered illegitimate, should not blur our sense of realism as throughout the past decade it has shown its mettle.

If the problem of a fixed schedule for the withdrawal of Vietnamese troops from Kampuchea has been cleared away during Foreign Minister Sitthi Sawetsila's visit to Hanoi, and since presumably Vietnam is also satisfied about whatever promises Bangkok had to offer regarding putting "an end to all military aid to the Kampuchean factions and an end to sanctuary for the resistance factions," then the serious hurdle ahead before peace is restored in war-torn Kampuchea is the setting up of a post-settlement government.

It would be naive to assume that the Kampuchean groupings themselves should and could agree among them on a power-sharing formula. The bickering between the coalition partners in the CGDK is often so petty, while the Khmer Rouge secretly continues to entertain its determination for a comeback, that it should be clear what kind of power mix ASEAN ought to promote as the possible basis for an effective post-settlement government in Phnom Penh.

P.M. Chatchai Chunhawan's statment the other day that he would gladly welcome Phnom Penh's P.M. Hun Sen, albeit in his personal capacity, visiting Bangkok could be a helpful hint in which direction the resourceful Thai diplomacy is heading in its subtle efforts to nudge the formation of a post-settlement Kampuchean government.

Minister Reports on 1989 Rice Production Target
BK1901043089 Jakarta ANTARA in English
0349 GMT 19 Jan 89

[Text] Jakarta, Jan. 19 (OANA-ANTARA)—The target of increase rate of Indonesia's rice production this year is set at 3.6 percent, which is almost the same as that of last year, Junior Minister for Agriculture Syarifudin Baharsyah has said.

The target will be met among other things through increasing the quality of rice intensification, he said after meeting President Suharto.

Minister Syarifudin said that the government will also seek ways to make a maximum use of the sleeping [as received] land.

Rice production in 1988, which increased at the rate of 3.67 percent from 27.5 to 28.3 million [metric] tons, according to the minister, is quite high compared with the population growth rate and the people's income growth rate.

"An increase rate of rice production is important because it is always compared with the rate of population and income growth", he said.

Usually, the government sets 2.4 percent for the population (2.02 percent) and income growth rate. "So, if rice production increases above the percentage (2.4) it means we are able to meet an increase in demand for rice resulting from population and income growth", he said.

He agreed with Minister/State Secretary Mardiono that the current rice supplies from abroad now does not mean that Indonesia is unable to maintain its rice self-sufficiency.

The rice supplies are needed only for strengthening the national stock. "So, don't worry over rice self-sufficiency", the minister said.

Junior Minister Syarifudin called on the head of state to report the preparations for the combined meeting between the Ministry of Agriculture and the Ministry of Industry, aimed at the development of processing industry for agricultural products on Thursday.

The meeting is scheduled to be opened by the president and will be attended by 550 participants including the heads of the regional offices of the ministries concerned.

Among the ministers who will speak at the meeting are the coordinating minister for economic, finance and industry, the chief of the national development planning board, the minister of agriculture and the minister of industry.

Minister Syarifudin also reported the results of the recent national conference of the association for agro-economy. Minister Syarifudin has been named as the new chairman of the association.

Laos

SRV Military Delegation Arrives for Army Day
BK1801122189 Vientiane Domestic Service
in Lao 1200 GMT 18 Jan 89

[Text] At the invitation of the LPDR Ministry of National Defense, an SRV military delegation led by Comrade General Le Duc Anh, member of the party Central Committee Political Bureau and national defense minister of the SRV, arrived in Vientiane this morning to attend the celebration of the 40th founding anniversary of the LPA on 20 January.

Welcoming the delegation at Wattai Airport were Comrade General Khamtai Siphandon, member of the party Central Committee Political Bureau, vice chairman of the Council of Ministers, minister of national defense, and commander in chief of the LPA; and a number of high-ranking military officers. SRV Ambassador Comrade Nguyen Xuan and military attaches from fraternal countries accredited to Laos were also on hand to welcome the delegation at the airport.

Defense Minister Meets Delegation
BK1901034689 Vientiane Domestic Service
in Lao 0000 GMT 19 Jan 89

[Text] Comrade General Khamtai Siphandon, member of the party Central Committee Political Bureau, vice chairman of the Council of Ministers, minister of national defense, and commander in chief of the LPA, yesterday afternoon received a delegation from the SRV Ministry of National Defense headed by Comrade General Le Duc Anh, member of the CPV Central Committee Political Bureau and SRV minister of national defense.

During the meeting, Comrade Khamtai Siphandon expressed thanks to the delegation of the SRV Ministry of National Defense for coming to participate in the celebration of the 40th founding anniversary of the LPA. This visit is a major contribution to the encouragement and strengthening of the revolutionary spirit of the LPA and Lao people that has proved the further development of ever-expanding friendship and special militant solidarity between the armies and peoples of the two countries.

The meeting proceeded in a spirit of close friendship and mutual understanding.

Thai Ambassador Discusses Refugees, Investment
BK1601095589 Bangkok MATICHON in Thai
16 Jan 89 p 7

[Interview with Thai Ambassador to Vientiane Niran Phanuphong, by unidentified reporter—date and place not given]

[Excerpts] [Niran] I had already served in Laos for 4 years, from 1982 to 1985. Then I was promoted to ambassador to Bangladesh for 2 years. During the incident at Ban Romklao, I was posted back at Laos again. Well, I know quite a number of prominent Lao personalities from my private diplomacy over meals. The Ban Romklao issue is a sensitive one, involving territorial sovereignty. We cannot budge even an inch. As we are close neighbors wishing to live in peace with each other and help each other, we must be calm and patient and solve the problem step by step.

When Prime Minister General Chatchai Chunhawan visited Laos and a joint communique was issued stating that both countries agreed to promote economic and trade cooperation, Laos was very happy. Lao Prime Minister Kaysone Phomviharn told me that both countries are sincere about mutual friendship. He said that Laos earlier had to rely on Vietnam and other countries, but now Laos is better off. Lao refugees have changed their minds and indicated their desire to return home. Laos wants to stand on its own feet. It is natural for anyone to want to be independent. [passage omitted]

[Reporter] On repatriation of Lao refugees?

[Niran] There are three groups to be sent back, totaling 246 persons. There are 13 of the Green House group (those who do not volunteer but are forced to return to Laos because they are economic refugees, not political refugees), and another group of refugees who volunteered for repatriation—they want to have a better life than in the refugee centers where life is difficult. Thailand had asked Laos to take back the refugees because their presence is a great burden to us. On this, Kaysone Phomviharn told me that Laos is ready to take them back but first has to screen the refugees' backgrounds. Laos is still suspicious of Lao resistance groups trying to infiltrate people for mass instigation inside Laos.

The first group of refugees will be sent back on 16 January via Mukdahan. On 19 January, another group will return via Chong Mek. They include those living in Saravane. The third group will be sent out through Chong Mek on 16 February. Anyway, there are only a few thousand of them altogether. [passage omitted]

[Reporter] Do you have any suggestions for Thai investors in Laos?

[Niran] I want Thai investors to grasp the present opportunity. Laos is a small country with limited markets. If they delay, they will lose the markets to others, such as markets for wood parquet, plywood, hotel, or textile industries. So the longer they wait, the more our investors will lose opportunities. If they strike now, they will still have many choices as to what will best serve the interests of both countries. Several Lao individuals, for example, have offered their plots of land for establishing factories or other facilities. Therefore, if we come first, we will have more opportunities.

Anyway, it will be difficult if we have limited capital. We must be ready to cope with a long-term arrangement by first supplying our manufactured goods to Laos on credit pending payment only when Laos has its earnings from wood exports.

[Reporter] Are there any examples of successful Thai investment enterprises?

[Niran] There are several. Most of them are affiliated with the business group of the former prime minister, General Kriangsak Chamanan, who was the first to arrive and whose members are trusted by the Lao Government because they know Lao leaders well. When they first arrived, they came under the name of the Mittaphap Company. The company now specializes in acting as an agent for contacts with Laos and it distributes what it obtained as concessions from Laos to its affiliate companies. Next in line is the Charoen Phokkaphan group which is aimed at Vietnam, with Laos simply as a transit. Its idea was also to set up companies in Laos for exporting to other countries. The reason is because Laos is a very small country with a small population which has limited purchasing power.

[Reporter] What about investment in the hide and livestock industries?

[Niran] Charoen Phokkaphan was the first to survey for the possibility because the group has a factory in Khon Kaen Province. Anyway, it was the garment industry which has made progress, but I do not know if there has been any contract signed. They promised me that they would invite me for a holiday if there is a contract signing.

[Reporter] What is the reason for Laos' banning the export of timber?

[Niran] I have already asked them about this, and they explained to me that they have already given permits to a Singaporean company which is operated by Thai nationals. The banning, however, excludes wood from the Nam Ngum Dam which is dead wood. Laos has banned the felling of new trees. Therefore, dead wood is still allowed to be processed and exported through Thailand to Japan and Hong Kong.

Laos has banned any shipment of logs, bamboo, and cane wood after 31 December 1988, with the exception of: 1) logs from Nam Ngum Dam; 2) wood already stockpiled before the issuance of the said order; 3) wood processed under a contract renewal because the quota under the old concession is still not fulfilled.

Anyway, Laos indicated that exports from now on must be in the form of processed wood under the integrated system—log felling, milling and processing wood into furniture pieces using workmanship from Chiang Mai, and then exporting it. I do not know the companies. But I learned that certain companies—apparently in Chonburi or in Chiang Mai—have moved their businesses into Laos because they have received so many orders from abroad that they found it difficult to cope with demand unless they set up factories in Laos.

[Reporter] Was Laos' ban a result of Thailand's decision to close its forests nationwide?

[Niran] No. Laos' ban came before what happened in southern Thailand. Laos was aware that our forests are denuded and this has caused widespread drought. They became even more concerned after seeing what happened in the south of Thailand.

Australian Foreign Minister To Visit 22-23 Jan
BK1901041089 Vientiane Domestic Service
in Lao 0000 GMT 19 Jan 89

[“Press release issued by the LPDR Foreign Ministry”]

[Text] In response to the invitation of the LPDR Government, His Excellency Gareth Evans, Australian minister of foreign affairs and trade, will lead a delegation to pay an official friendship visit to the LPDR from 22 to 23 January.

[Dated] Vientiane, 19 January 1989.

Philippines

Ramos Denies Nuclear Role for Bukidnon Base
BK1901045989 Manila THE MANILA CHRONICLE
in English 19 Jan 89 p 6

[Text] Defense Secretary Fidel V. Ramos yesterday denied that the Del Monte Air Station in Bukidnon is a nuclear testing facility.

“It (the station) has never been an atomic or nuclear testing or monitoring facility,” Ramos told reporters in Camp Aguinaldo.

He explained that the U.S. Air Force station, located in a three-hectare portion of the Del Monte plantation in Bukidnon, started in 1959 as a weather research facility but was later converted into a seismic research center to record earthquakes and tremors.

In 1985 the facility was closed down by the U.S. Air Force and the PC-INP regional command 10 made it into the headquarters and training center of Recom 10, Ramos added.

He also pointed out that the pullout of the U.S. facility was the subject of an exchange of notes between then Foreign Minister Carlos P. Romulo and then U.S. Ambassador Richard Murphy.

“There is nothing mysterious about this,” Ramos said, adding that the congressmen and members of a peace group which denounced the existence of the facility were not only “hip-shooting” but also “lip-shooting.”

During the press conference, Ramos also said:

—The procedures for monitoring the presence of nuclear arms in U.S. military bases are being worked out by the Mutual Defense Board which is chaired jointly by AFP [Armed Forces of the Philippines] Chief of Staff Gen. Renato de Villa and Subic Naval Base commander Rear Adm. Roger Rich representing the U.S. commander in chief for the Pacific.

—The board investigating the Zamboanga incident has submitted its report to de Villa for comment.

—Gen. Vladimir Lobov, first deputy of the general staff of the Soviet armed forces, was briefed by Defense Department and military officials in Camp Aguinaldo.

Aquino Comments on Bases Renewal, Graft
HK1901090389 Manila Radio Veritas in Tagalog
0700 GMT 19 Jan 89

[Text] President Corazon Aquino is scheduled to hold a meeting with Defense Secretary Fidel Ramos and Armed Forces Chief Renato de Villa regarding the Zamboanga

incident. They will discuss the report submitted by a military probe body tasked to investigate the case. We got this information from the question-and-answer forum with Press Secretary Teodoro Benigno, in which the president replied to several questions submitted by the Malacanang newsmen. The president gave her reaction to U.S. Secretary of State-designate James Baker's statement regarding the renewal of the military bases agreement. She also responded to allegations made by Vice President Salvador Laurel that the government's ineffective leadership is reflected in greater graft and corruption in the bureaucracy. In addition, Mrs Aquino reacted to a statement by a Malcanang-hired consultancy firm that the government is still in need of a so-called economic czar in order to speed up the country's economic recovery.

Press Secretary Teodoro Benigno relays the president's answers.

[Begin recording] [Benigno in English] In reply to question one: AFP [Armed Forces of the Philippines] Chief of Staff General Renato S. de Villa has forwarded a report on the Zamboanga City incident to Secretary of National Defense Fidel V. Ramos. I will be meeting with the two tomorrow, when I expect them to submit their comments and recommendations.

Reply to question two: There is still no agreement on when the RP [Republic of the Philippines] and the U.S. will meet on the possible renegotiation of the military bases agreement. I will reserve comment on this statement of Secretary of State-designate James Baker until I receive the text of what he actually said.

Reply to question three: Vice President Laurel should charge those allegedly guilty of graft and corruption before the ombudsman or other proper investigating agencies. There are enough investigating agencies and I do not see the necessity of creating another one.

Reply to question four: Our prodigious economic growth last year clearly indicates that we have already gotten, quote, our economic recovery act together, ur.quote. [end recording]

Soviet General Denies Supporting Rebels
HK1901045789 Manila MANILA BULLETIN
in English 19 Jan 89 pp 1, 13

[By Roy Sinfuego]

[Text] A general of the Union of Soviet Socialist Republics (USSR) told Defense Secretary Fidel V. Ramos that his country's armed forces will not support the Communist Party of the Philippines-New People's Army (CPP-NPA) in its armed struggle against the Philippine government.

Ramos told reporters in Camp Aguinaldo yesterday that Col. Gen. Vladimir Lobov, first deputy of the general staff of the Soviet Union Armed Forces, assured him that the USSR will not intervene in the internal affairs of the Philippines.

Soviet Foreign Minister Eduard Shevardnadze, who visited the country recently, made a similar statement.

"For his part, General Lobov also mentioned that the basis of Soviet military policy is defensive in nature," Ramos said.

Earlier, General Lobov met with Gen. Renato S. de Villa, AFP [Armed Forces of the Philippines] chief of staff. He told De Villa that the Soviet Union is not helping the local communists in any way.

Reports that the Soviet Union is extending assistance to the CPP-NPA in the country are only propaganda, Lobov told De Villa.

Ramos said General Lobov's visit was a courtesy call but he took the opportunity to brief the visiting general on defense and security matters. Lobov was accompanied by Ambassador Oleg Sokolov.

Ramos discussed with them the nation's defense setup, the DND [Department of National Defense]-AFP counter-insurgency strategy, measures adopted to improve internal security and stability, and the identification of threats to the country's security.

There have been reports that the communist-led National Democratic Front is eyeing the Soviet Union, a socialist country, for political and material support.

Heavy arms from the Soviet Union were reported smuggled in by the rebels but military authorities are unable to confirm this.

Panel Formed for Border Talks With Malaysia
HK1901090789 Manila Radio Veritas in Tagalog
0700 GMT 19 Jan 89

[Text] The panel representing the Philippines in border talks with Malaysia has already been formed. The border talks will be held in Kuala Lumpur on 25-26 January.

The panel, headed by former Court of Appeals Justice Jorge Coquia, includes representatives from the departments of national defense [DND], justice, agriculture, and the national mapping resources and information authority.

The members are Undersecretary Leonardo Quisumbing from the DND; Undersecretary Eduardo Montenegro from Justice; Inocencio Ronquillo will represent the

Department of Agriculture; and Ambassador Rora Navarro Tolerino, Rodrigo F. Aragon, Victor Garcia, and Mario Manansala will represent the Department of Foreign Affairs.

Panel's Objectives Viewed

*HK1901134589 Hong Kong AFP in English
1328 GMT 19 Jan 89*

[Text] Manila, Jan 19 (AFP)—Disputes between the Philippines and Malaysia over their common sea border could take years to resolve, but a "modus vivendi" on fishing rights may soon be forged, Philippine Foreign Secretary Raul Manglapus said Thursday.

President Corazon Aquino and Mr. Manglapus held final briefings here with members of a government panel scheduled to fly to Kuala Lumpur Monday for talks with a counterpart Malaysian panel over fishing rights and maritime disputes.

A favorable result "will enable us to approach normalization of our relations with Malaysia which we desire very much," Mr. Manglapus told reporters.

Congressman Jose de Venecia, who joined the meeting, said the two countries have overlapping claims over 15,000 square miles (39,000 square kilometres) of fishing grounds in the eastern lower portion of the Spratly Islands in the South China Sea, and 5,000 square miles (13,000 square kilometres) in the Celebes Sea.

Panel head Jorge Coquia, the assistant foreign secretary, said Mrs. Aquino impressed on them she did not want a repetition of the Spratlys incident in April 1988, when the Malaysian Navy arrested 49 Filipino fishermen in the disputed islands.

The group were later acquitted of poaching charges and sent home, but one of them died of a heart attack before he could be repatriated.

Mr. Manglapus said Manila's objective in the January 25-26 meeting in Kuala Lumpur was to make sure Filipino fishermen "will continue to fish in those grounds where they have been fishing for decades without being harassed.

"That would require at least an interim arrangement which I think the Malaysian government is ready to entertain at this point," he said.

"We do not envision within this short time to come to a broad and definite agreement on the exact border lines. That takes years sometimes, but at least we would like to arrive at an understanding on the rights of our fishermen to fish even in these areas perceived by the Malaysian government as theirs."

Mr. Coquia said: "The mission of this panel is how to conclude a provisional arrangement before a permanent one on the border issue is made."

He added that Manila would propose "a joint provisional zone for operations, exploration and development of those disputed seas in order to immediately defuse the tension and restore normal relations between the Philippines and Malaysia."

The Spratly Islands are also claimed by China and Vietnam, whose navies clashed in the area last year, and Taiwan.

Relations between Manila and Kuala Lumpur have been affected by Manila's failure to formally renounce its sovereignty claim over the east Malaysian state of Sabah.

A Moslem sultanate in the southern Philippines says it has proprietary rights over the oil and timber-rich state because the sultanate had merely leased the territory to European businessmen in the 19th century before it became part of an independent Malaysia.

Malaysia Arrests, Detains Filipinos

*HK1901043189 Manila BUSINESS WORLD
in English 19 Jan 89 p 8*

[By Jose G. Ebro]

[Text] While Foreign Affairs Secretary Raul Manglapus maintained that "no fresh reports" had been received by the Department of Foreign Affairs [DFA] regarding arrests, detentions and deportations of undocumented Filipino workers in Sabah, a senior DFA official yesterday told BUSINESS WORLD that "these are still going on."

DFA Undersecretary Manuel Yan estimated that of the 350,000 Filipinos in Sabah, "70,000 to 100,000 are refugees, 80,000 have work permits and the rest are illegal." He disclosed ongoing informal talks with Malaysian officials "to clarify the status of the Filipinos in Sabah."

The DFA official revealed that DFA had received letters and other reports from repatriated Filipinos claiming that women were sexually abused by Malaysian police at an outpost on Siamil Island close to the Malay-Philippine border.

Sexual Harassment

"They indicate that the kumpits (sea-going outriggers) our people are loaded onto for the return trip home are made to stop at Siamil Island by Malaysian authorities. There, allegedly, the women are segregated from the men and sexually harassed," he said.

The DFA source said envoy to Malaysia Pablo Suarez had sent a letter from one of the victims, detailing these abuses, to the Malaysian Government and asked for an investigation into the matter.

To this, the Malaysians were said to have responded that "it is not in the tradition of the Royal Malaysian Police to commit such acts."

RP Panel

Meanwhile, the DFA yesterday released the final composition of the Philippine panel to negotiate in Kuala Lumpur on Jan. 25 and 26 for provisional arrangements concerning fisheries and fishing rights within the overlapping maritime claims of the two countries.

The panel, chaired by DFA legal adviser Jorge Coquia, includes National Defense Undersecretary Leonardo Quisumbing; Justice Undersecretary Eduardo Montenegro; DFA Director-General for Asia-Pacific Rora Tolentino; DFA Executive Director for UN and International Organizations Counselor Victor Garcia; DFA Executive Director for Asia-Pacific Counselor Rodrigo Aragon; Capt. Renato Feir of the National Mapping Authority; agriculture consultant Innocencio Ronquillo; and Foreign Service Institute consultant Mario Manansala.

Accompanied by Messrs Manglapus and Suarez, the panel members will meet with President Aquino this afternoon for their instructions. During their meeting with the president, Sen. Leticia Shahani and Rep. Jose de Venecia will be present as witnesses on behalf of committees on foreign affairs of the Senate and the lower house, respectively.

Malaysia Opens Border Waters

HK1901102389 Manila Manila Broadcasting Company
DZRH in Tagalog 0950 GMT 19 Jan 89

[Text] Part of the territorial boundary between Malaysia and the Philippines is now open for Filipino fishermen who want to fish on the said territorial boundaries.

It was learned from Press Undersecretary Felix Bautista that President Aquino is happy over the good news relayed to her by the Malaysian Government authorizing Filipino fishermen to enter the disputed waters.

[Begin Bautista recording in English] In getting Malaysian assurances that Filipino fishermen would be allowed to fish in the disputed waters will... [end recording]

He said that Filipino fishermen passing by the said boundaries will not be arrested nor detained by the Malaysian Government. He also said that the Philippine panel has already been formed and is now prepared to negotiate with the Malaysian Government to resolve their border dispute. The panel will be headed by Justice Coquia.

Aquino on Economic Progress, Foreign Aid
HK1901081789 Manila Radio Veritas in Tagalog
0700 GMT 19 Jan 89

[Text] The president said that up to now she still has not received the report of the AFP [Armed Forces of the Philippines] board's investigation on the Zamboanga City incident in which General Eduardo Batalla was slain. According to her, not even Defense Secretary Ramos has received a report from AFP Chief of Staff General Renato de Villa.

[Begin recording in English] [Aquino] In fact, Secretary Ramos was telling me that General de Villa will give it to Secretary Ramos first, and then Secretary Ramos will in turn submit his report to me.

I guess this is the normal procedure, from chief of staff to secretary of national defense, and then he in turn will be giving me the report, and will also be briefing me up to...

[Unidentified reporter] Have you got the [words indistinct] Colayco?

[Aquino] Not yet. But I understand that he has already written letters to the INQUIRER and to the GLOBE explaining exactly what it is that he said. And I think the Cabinet members will be furnished copies of those [words indistinct]. [end recording]

Meanwhile, the president inducted into office the members of the coordinating council of the Philippine Assistance Program. This council will draft programs to which the money coming from the international multilateral aid plan will go. Representing the council are several Cabinet members, representatives of Congress, and the private sector. Mr Roberto Villanueva was chosen as the council's chairman. He will also personally represent the president in negotiating with foreign governments for the implementation of the international aid plan. Here is President Corazon Aquino's message after the oath-taking ceremony:

[Begin Aquino recording in English, in progress] ...we set out to secure the material progress that is essential to its long-term survival. These were the challenges we faced: to build from an utterly ruined economy, to raise the living standard of a growing population living in the direst poverty, to restore to its strength and high standing the economy of our country, and to prepare this nation for the period of greater growth, yet also of (fiercer) economic competition that lies ahead for the Pacific.

Motivated by the desire to be part of that future, yet fearful also of losing our precious freedom and the sea of poverty that already engulfs the majority of our people, we set out to recover what we had lost and build higher towards our goals: freedom, justice, and progress. The process of attainment was simple. A democracy cannot survive with the majority of its people in poverty. Poverty cannot be eliminated without economic growth.

Growth can be attained only by harnessing the productive energies of private enterprise. And private enterprise cannot be productive unless liberated from state interference on the one hand, and supported by basic infrastructure on the other.

The implementation has been far from simple, or smooth going. Yet we achieved a measure of success no one can pretend to overlook, and of which we are justly proud. By our own efforts, fettered by obligations and hampered by the consequences of the corrupt and mistaken practices and policies of the past, we made progress, astonishing progress. The challenge of growth with equity, rendered yet more difficult by the economic decline with which we began and by the crushing legacy of debt, was met vigorously by sweeping reforms that gave new life to the economy and a new face in our country, among ourselves and among the nations who have stood up to be counted as our friends.

Yet we have always known that the timely completion of our task before regressive forces overwhelm our efforts, depends not only on ourselves but on timely and meaningful financial assistance from abroad. The dilemma of growth and debt threatens the survival of democracy, and must be a shared concern of the international community. Its resolution is a shared responsibility. The consequences of failure will be everyone's fate.

Recognizing these facts, and inspired by the success of a similar effort in the past, four legislators from both houses of the U.S. Congress initiated a bipartisan call for a multilateral aid plan for the Philippines. They proposed to repeat the assistance mounted for a Europe liberated from the dictators for a Philippines liberated from its own.

In a parallel development, the leaders of seven leading industrial countries meeting in Toronto last June endorsed a similar proposal put forward by the President of the United States. In response to this liberal and farsighted initiative, I constituted a task force to develop, in consultation with sectoral groups, the framework of a program that will efficiently absorb the assistance contemplated by the initiative. The work of the task force has reached the stage where it can only continue on the level of a coordinating council able to draw on the resources, expertise, and the coordinated action of the various agencies and departments of government and of groups in the private sector.

I have, therefore, created a coordinating council of the Philippine Assistance Program. The council shall be a trilateral body with members of the cabinet and representatives of the Congress, as well as of the private sector. I am very pleased that a distinguished citizen, Mr Roberto T. Villanueva, has agreed to serve as my special representative to foreign governments and institutions for the adoption and early implementation of the international aid plan. He will act concurrently as chairman of the coordinating council. In both capacities, he has

stipulated that he will serve pro bono, but in a fulltime capacity. We all commend him for his high sense of duty and patriotism. As chairman, he is empowered to call on all departments, agencies, and instrumentalities of government to assist him in this task. [end recording]

Aquino Tells Cabinet To Answer Media Queries
K1901092389 Manila Radio Veritas in Tagalog
0700 GMT 19 Jan 89

[Text] President Corazon Aquino has directed Cabinet members to answer queries by several media agencies on issues related to their departments. The president issued the statement during a meeting with a group of publishers and editors regarding government programs. There was a question-and-answer forum and then the president issued her directive before the group. Here is President Corazon Aquino:

[Begin Aquino recording in English] I would like to thank all of you for being with us this afternoon and I hope that, especially among the Filipinos here, that all of us will understand and will cooperate with each other in the matter of trying to get the multilateral assistance initiative going off to a good start.

I think first of all, we have to make known to possible participants in this program what exactly the Philippine Government is capable of doing. And I am sure the Cabinet members here will be very willing to answer whatever questions you may have not only today but in the days to come. So, I would like all of them to make themselves available to you and also to return calls. If calls will be made, I do not want them to be arrogant.

So, thank you very much and good afternoon. [end recording]

That was President Aquino in her meeting with various publishers and editors of leading newspapers.

Aquino Asks for List of Graft Complaints
HK1801121189 Quezon City GMA 7 Radio-Television
Arts Network in Tagalog 1030 GMT 18 Jan 89

[Text] President Aquino has asked for a complete list of complaints received by the ombudsman against Cabinet officials. This is in response to an allegation that some Cabinet members have been able to hide behind the president's skirt and ignore complaints of graft and corruption. Here is the full report from Veronica Baluyut:

[Begin recording] [Baluyut] In this morning's Cabinet meeting, President Aquino directed all Cabinet officials to promptly attend to the ombudsmen's letters citing complaints of graft and corruption in their respective offices. The president also said that she has asked deputy ombudsman Jose Colayco to elaborate on the complaints.

[Aquino in English] This morning, the deputy ombudsman, Mr Colayco, called up just clarifying some matters, so I have asked that he send us a letter saying exactly what it was that he said before the congressional committee. At the same time, I have asked the Cabinet members to give us a list exactly of what...first of all, whether they have received letters asking for assistance and cooperation from the office of the ombudsman. And second, also what they have referred to the office of the ombudsman so that we will get everything clarified. [end recording]

Cabinet Members Said Ignoring Graft Complaints
HK1801125389 Manila PHILIPPINE DAILY GLOBE in English 18 Jan 89 pp 1, 8

[By GLOBE staff writer Rowena Bundang]

[Text] Deputy Ombudsman Jose Colayco yesterday accused some Cabinet members of arrogance, saying that they had refused to acknowledge charges, ranging from negligence to graft, lodged against them or their subordinates.

Colayco also said that while President Aquino is aware of the public officials' shortcomings and is trying to correct them, she sometimes "tends to overprotect" them.

Appearing before the Justice Committee hearing at the House of Representatives, Colayco said only Transportation Secretary Rainerio Reyes and Public Works Secretary Fiorello Estuar were prompt in attending to complaints against their subordinates lodged before the office of the ombudsman.

"I have encountered many arrogant Cabinet members who ignore complaints against either them or their subordinates," Colayco lamented. He added that the charges consist of negligence, discourtesy, and corruption.

The ombudsman's office is flooded with an average of 7 to 10 complaints every day against public officials of various departments.

Colayco said one possible cause for the inaction of some officials is a communication problem between the ombudsman and the officials themselves.

"Some Cabinet secretaries have already been kept from reality. Along the way, our messages to them could have been cut because their subordinates have put up a cordon sanitaire to protect their bosses from nuisance," Colayco said.

He cited the case of Education Secretary Lourdes Quisumbing whom he had been trying to communicate regarding various complaints against her subordinates. Colayco recalled that he and Quisumbing met, and she appeared unaware about the messages sent her by Colayco.

Colayco was quick to defend President Aquino, however, saying she was doing something to correct the reported misdoing of public officials by creating various committees to check on their misdeeds. But in the process, the President seemed to overprotect her Cabinet, Colayco said.

Colayco's observation on the arrogance of public officials was strongly supported by Rep. Antonio Abaya (KBL, Isabela), who said many Cabinet members deserve to be admonished for refusing to talk or coordinate with lawmakers.

On the basis of Colayco's complaint against executive department officials, the committee, chaired by Rep. Isidro Zaraga (LDP [Laban ng Demokratikong Pilipino—Struggle of Philippine Democrats], Bohol), agreed in principle to pass House Bill 13646 giving the ombudsman ample powers to discipline erring public officials.

Aquino: New Marcos Offer Not Received
HK1801135189 Manila Radio Veritas in Tagalog 1300 GMT 18 Jan 89

[Text] Senate President Jovito Salonga revealed that former President Marcos has offered to return money stashed away in Swiss banks in exchange for permission to return to the country. According to Salonga, the offer was contained in a letter mailed in August 1988 [as heard]. He added that this was the second offer from Marcos.

Meanwhile, Executive Secretary Catalino Macaraig confirmed that the first offer to return some \$5 billion to the country was made last July, but this was rejected by the Aquino administration. Salonga did not say how much money ex-President Marcos was offering this time.

On her part, President Aquino said that she has not received any formal offer. But she stressed that she would accept such an offer only if the Marcoses return all the loot taken out of the country. The president also wanted a formal offer forwarded to her. The letter received by Salonga carried the signature of the former president.

Commission Members Warned To Increase Security
HK1801121589 Quezon City GMA 7 Radio-Television Arts Network in Tagalog 1030 GMT 18 Jan 89

[Text] Presidential Commission on Good Government [PCGG] personnel were told to step up security measures following threats received by one PCGG official. The warning also came in the wake of the killing of Jesus Ronan, PCGG operations chief.

In a news conference held earlier today, PCGG commissioners promised to intensify the implementation of PCGG regulations and policies. They also said that Ronan may have been killed because his work involved the removal of corrupt PCGG officials:

[Begin recording in English by unidentified PCGG official, in progress] ...deeper, to pursue our mission. That blood shed already, the rest of the team expects to work harder and that is what we have undertaken. [end recording]

MNLF Denounces Lack of Muslim Policy
HK1901114789 Quezon City GMA 7 Radio-Television Arts Network in Tagalog 1030 GMT 19 Jan 89

[Text] The Moro National Liberation Front has denounced what it called a warlike stand of the Aquino Government and warned that this could lead to war in Mindanao.

According to MNLF spokesman Datu Rey Ibrahim Uy, the government should not be blind to the rights being fought for by the Bangsa Moro.

[Begin Uy recording in English] Your excellency's current administration clearly manifests that it has no clear-cut government policy for the Bangsa Moro people. It has not even come up with any program to rehabilitate the victims of wartorn Mindanao, just as it has ignored the tornado victims in Jolo, clearly abandoning their Moro brothers.

Instead, the current administration in their effort to divide the Bangsa Moro people, an all plan of low intensity conflict will deviously impose the so-called organic act [as heard] [end recording]

MNLF Confident of Full Membership in OIC
HK1901125989 Hong Kong AFP in English 1240 GMT 19 Jan

[Text] Manila, Jan 19 (AFP)—Filipino Moslem separatists Thursday said they were optimistic of gaining full membership this year in the Organization of the Islamic Conference (OIC).

The Moro National Liberation Front (MNLF) currently has observer status in the 46-member OIC, which holds its annual meeting March 13-16 in Riyadh, Saudi Arabia. Last year the rebel group's bid for full membership was rejected.

"We are very optimistic now," MNLF spokesman Rey Ibrahim Uy told AGENCE FRANCE-PRESSE. He claimed 33 countries would support their current application.

The MNLF waged a fierce war for independence in the 1970's with the backing of oil-rich Arab nations, but later shifted its efforts to the political arena, notably after President Corazon Aquino came to power three years ago.

The Moro rebels are seeking an international status similar to that enjoyed by the Palestine Liberation Organization.

On Monday another MNLF spokesman, Ustadz Zain Jali, said the MNLF was planning to set up a government-in-exile, possibly in Libya or Iran, to boost its bid for full OIC membership.

Observers said a successful MNLF bid would boost its campaign for a separate state for the five million-strong Moslem minority in this Roman Catholic nation of 59 million, and assure it of further support in case a shooting war resumed.

The MNLF and the government have been observing an informal ceasefire since September 1986, although sporadic clashes still erupt in southern Philippines.

Meanwhile, a Moslem senator told a separate press conference here Thursday that an international conference attended by eminent international Moslem scholars will be held here from February 28 to March 3.

Ruling coalition senator Mamintal Tamano said the "First International Symposium for Peace and Solidarity" would be hosted by the Council or Islamic Call of the Philippines with support from the Moslem World League.

Mr Tamano said that the conference would take up various issues affecting Moslems around the world including the issue of the Moslems in this country.

When asked if the conference was intended to campaign against granting the MNLF full OIC membership, Mr Tamano said no, but other sources denied this.

Abdullah Omar Nasseef, secretary-general of the Moslem World League, will be the keynote speaker while Sheikh Tansri Abdul Raman Jalal, assistant secretary-general of the OIC, will also give a speech.

Congressmen To Talk With Misuari in Jeddah
HK1801125789 Manila THE PHILIPPINE STAR in English 18 Jan 89 pp 1, 4

[By Dave Gomez and Cookie Micaller with reports from Amy Pamintuan and Jun Francisco]

[Excerpt] A group of Mindanao congressmen will leave tomorrow for Jeddah, Saudi Arabia to hold "exploratory talks" with leaders of the secessionist movement in the south and to seek a solution to the Mindanao conflict.

The delegation, headed by Rep. Guimid Matalam (Maguindanao), will also meet with leaders of Arab countries to take up the Moro National Liberation Front's application for full membership in the Organization of Islamic Conference (OIC).

Three Mindanao secessionist groups sent to the House the other day feelers for "exploratory talks" on possible solutions to the Mindanao conflict.

As this developed, President Aquino said in Malacanang that any offers of peace from the MNLF will have to take into account the ongoing moves to establish a regional autonomous government for Muslim Mindanao.

Mrs Aquino said the government will closely study the peace offers before making any decision on the matter.

Mrs Aquino issued the statement following reports yesterday that three MNLF factions have sent peace feelers to the House of Representatives through Maguindanao Rep. Michael Mastura.

At the Senate, Sen. Santanina Rasul said she will endorse the appointment of MNLF chairman Nur Misuari as head of the regional autonomous government for Muslim Mindanao as a solution to the political conflict in that region.

Rasul said Misuari's appointment to the top post in the regional government will end the current secessionist movement in Mindanao.

Meanwhile, armed forces chief Gen. Renato de Villa warned yesterday against any immediate reaction to the reported peace feelers sent by the three Mindanao separatist groups "until we know what it really is."

The House delegation that will fly to Jeddah includes Reps. Gregorio Andolana (North Cotabato), Abdul Sakur Tan (Sulu) and Baltazar Sator (Davao del Norte). They will meet with leaders of the various secessionist groups in a "private capacity," Matalam said.

Matalam, who is scheduled to meet with MNLF chairman Nur Misuari, expressed optimism that the talks would be "fruitful."

The delegation is also scheduled to meet with several heads of Arab countries after their meeting with Misuari to take up the pending application of the MNLF for membership in the OIC. [passage omitted]

Marcos Reportedly Dying, Unable To Face Charges
HK1901014589 Manila Far East Broadcasting Company in English 2300 GMT 18 Jan 89

[Text] Ousted Philippine President Ferdinand Marcos is dying and cannot face the (reverses) at the trial on conspiracy and corruption charges. The comment was contained in a letter sent to Federal Court Judge John Keenan by Marcos Lawyer Richard Hibey [words indistinct] court hearing in New York.

Prosecutors for the case made no immediate comment on the claim that the 71-year-old political exile was dying, but they dropped the demand that he be flown to New York to be arraigned on the charges. They (let) his plea be taken in Hawaii where he lives. A doctor's report attached to Hibey's letter said Marcos suffers from serious heart and kidney complaints, in addition to

pneumonia. Marcos entered the St Francis Medical Center in Honolulu on Sunday to be treated for pneumonia. It is the third time in five weeks he has entered hospital. Keenan had scheduled the hearing for today on Marcos' ability to stand trial [as heard], with additional hearings scheduled for next month.

Thailand

U.S. Criticized Over Repatriation Reports
BK1901111589 Bangkok First Army Division Radio in Thai 2300 GMT 18 Jan 89

["Sayamanusati" feature]

[Excerpts] Good morning, dear listeners: A highly publicized issue these days concerns the return home of Burmese students through facilities provided by Thailand. After a number of students arrived home, it was reported that some of those students were executed by Burmese authorities. A major source of these reports was our own great friend, the United States, which finally prompted the London-based Amnesty International to issue a statement condemning Thailand for sending back those Burmese students who had sought political asylum in Thailand. The report accused Thailand of forcing back to Burma those students who were against the government; the students were arrested and persecuted once back in Burma. It said that some of the students even died.

Prime Minister General Chatchai Chunhawan said he did not care for Amnesty International's report. He said the organization was interfering in Thailand's internal affairs by charging it without correct information to support their argument. [passage omitted]

Others do not seem to understand to what extent Thailand has been suffering from the deeds of the so-called civilized countries. Thailand has to shelter some hundreds of thousands of Indochinese refugees at various refugee camps. Sooner or later Thailand will become another Lebanon if it has to welcome more refugees from Burma. We will have to accept the heavy burden and solve unending problems with neighboring countries. We will never have peace. Other countries, meanwhile, are paying lip service to what they call humanitarian principles. Thailand's humanitarian standards may not be as high as in those civilized countries. Yet, between our own survival and troubles brought in by others, we will certainly have to choose our survival and peace. Please have sympathy for Thailand. We already have to cope with a very heavy burden from Indochinese refugees. Please do not pressure us to assume more difficulties. If any organization or country is truly concerned with the fate of those Burmese students, they can resettle them by sending their planes here to take them away. We are ready to provide all kinds of facilities to those countries that have a more generous heart than Thailand. [passage omitted]

The rumors that the returned students were tortured and executed were utterly groundless. The United States initiated the news, accusing Thailand of a humanitarian lag. This is regrettable. Thailand and the United States have been close friends for a long time. We have been fighting together for decades against communist threats. We do not know why the United States has a rather negative attitude toward Thailand these days, and why it is trying to take advantage of Thailand.

We have already experienced once before pressure from the United States concerning the Indochinese refugees. The United States wanted Thailand to take all those refugees pending resettlement in third countries, but not many of them have been resettled by either the United States or other countries, which preferred to grant political asylum to them on a selective basis. Only the skilled and capable ones have been resettled in third countries, whereas the unqualified and those having no value in terms of human resources are left here and remain a burden for Thailand. Now with the new influx of Burmese students, the United States has once again made it clear that it wants Thailand to resettle them on humanitarian grounds. Why does not the United States, in that case, take them to America for humanitarian sake? It is better to say nothing than to tell others what to do while remaining idle oneself. It does not sound fair. A country is entitled to try to protect national interests.

Dear listeners: The Burmese students should think of returning home now that they know they will not be persecuted. It is better to return to one's homeland and parents instead of taking refuge in the countries of others.

Burmese Policy Termed 'Risky Venture'
BK1701030389 Bangkok THE NATION in English
17 Jan 89 p 8

[Commentary: "Rethink Our Burma Policy"]

[Text] What is happening to Burma today represents another sad chapter in the history of our neighboring country. The regime of Gen Saw Maung, which came into power after a coup on Sept 18, is cleverly exploiting Burma's abundant natural resources to lure short-sighted and hungry nations into having direct political and economic deals with Rangoon, and thereby forcing acceptance of the legitimacy of the Saw Maung dictatorship.

As Rangoon has correctly predicted, the first to swallow the bait was none other than its eastern neighbour, Thailand, which is now experiencing the implementation of Prime Minister Chatchai Chunhawan's policy of turning the Indochina battlefield into a trade field, and of giving top priority to improving ties with all neighbouring countries.

The financially-strapped Saw Maung regime has readily moved close to Thailand in exchange for foreign currency to support its existence.

The modern history of Burma shows constant failures by its leaders to attain progress insofar as managing the country's economic affairs and natural resources. The Burmese people live in one of the region's resource-rich locations, yet they have been granted few opportunities to take advantage of those natural resources in their country.

The rape of modern Burma began with the British annexation of Burma as a convenient extension of the British Empire in the subcontinent. The Japanese took control of the country during World War Two and Gen Ne Win followed.

Ne Win's Burma Socialist Programme Party, as well as its "Burmese Way to Socialism", was somewhat passive in the sense that Burma retreated in time under the authoritarian one-party rule as the country was closed off for over 26 years. Its level of economic development has not merely stagnated, but has retarded some 50 years behind Thailand.

Under Ne Win, economic rape continued by the resource-hungry Japanese, Korean, Singaporean, Taiwanese and European companies. The ethnic minority rebel groups along the Thai-Burmese border have also taken their share through smuggling of timber, gemstones, minerals and, of course, narcotics.

Burma's socialism was degrading and destructive. Today, that system has not even allowed the country to experiment with *perestroika* or *glasnost* or enjoy political and economic sovereignty as do other socialist countries.

Despite having common borders, the relationship between Thailand and Burma for most of the Ne Win period was cold. Trust was the missing key ingredient. The background to the strengthening of the relationship between the two countries, particularly involving Thai and Burmese military leaders, can be said to have begun during the tenure of former Army chief Gen Athit Kamlang-ek.

The Thai military was eager to form close ties with its counterparts in Rangoon. And, for the time being, Thai military leaders should be proud of their success in opening up Burma.

However, the fragile Thai-Burmese ties almost fell apart during the historic March-September uprising of pro-democracy students, monks and others against the Ne Win's regime last year. The uprising was ruthlessly crushed by Burmese security forces. Chronic disunity among key opposition leaders eventually enabled reconsolidation to be carried out by the weary Rangoon military regime.

Thailand has stepped into Burma despite economic and political isolation imposed by Western nations, and most recently by Japan, because of the human rights violations and the illegitimacy of the Saw Maung regime.

The Thai approach has given Thai private companies dominance over other countries in trade and natural resources extraction rights in Burma. These include gems, minerals, timber, fishery and import and export trade. Whether or not these concessionaires have connections with any Thai leaders is a matter of speculation at this stage.

What is clear, however, is that Thailand is according the Saw Maung regime a superficial recognition of legitimacy. (The question of legal recognition of the Saw Maung regime is mooted because the Thai government has not closed its embassy in Rangoon.)

More importantly, Thailand is also supplying the Saw Maung regime with hard currency, especially US dollars, of which the latter is in dire need. The suspension of aid by Western powers has apparently hurt Rangoon. Now active efforts are being taken by the Burmese military to dispel lingering doubts about arrests and tortures of Burmese students and other dissidents who have returned from the jungle in recent weeks.

Thailand may in the short term profit from this exchange with Burma and critics are already labelling it an expansion of Thai "economic imperialism". However, this could backfire at any time.

The opportunistic involvement of Thailand in Burma at the present time *does not* serve the Burmese national interest. The logging and fishing concessions, as well as other trade and commercial rights, which Thai companies have obtained will hardly strengthen the economic structure of Burma. Ordinary Burmese are not permitted to participate in any of the projects, nor do they have the opportunity to learn to deal with the outside world.

Years of Burmese isolation prevent it from making the most of political and economic contacts with foreign countries. What the Saw Maung government is dishing out is a world far from the economic openness of socialist Laos, which demands joint ventures in economic projects to prevent wanton economic exploitation by foreign firms. Additionally, Laos is considering slowing down the export of unprocessed timber to preserve its forests.

Thailand's confusing diplomatic manoeuvring with Rangoon is at best a risky venture.

What would serve Thailand far better is a stable and competent Burma, because only then can both countries cooperate and flourish together for a very long time.

As events continue to unfold, two consequences, intended or not, of the Thai economic stampede into Burma have emerged: the strengthening of the Saw Maung regime with cash through fees paid by hungry Thai companies for commercial rights in Burma; and, over time, reducing the

economic strength of anti-Rangoon ethnic rebels along the Thai-Burmese border by permitting Thai companies to assume a monopoly on the border trade and share the spoils with Rangoon.

Because of human rights violations and the reluctance of the Saw Maung regime to hold promised general elections as quickly as possible, Western economic powers—the European community, the United States and Japan—have cut off aid to Rangoon. Their actions are a warning to Thailand that its diplomatic venture goes against the tide of international opinion.

If the Saw Maung regime should fall, the economic powers will emerge as "white knights" and be granted the spoils of backing the winning side.

Despite the high-flying world of diplomacy, Thailand should befriend all Burmese people as respected neighbours. At the moment, the blatant eagerness of Thai business opportunists to exploit Burma is simply too obvious.

Let's preserve our principles of human rights and respect for freedom. Why should we, after all, be seen to be speaking for a regime being isolated by the world?

Troops Sent To Confront Burmese Insurgents
BK1901030989 Bangkok BANGKOK POST in English
19 Jan 89 p 6

[Text] Chiang Mai—Troops have been sent to a border area in Mae Ai and Fang district to dislodge Wa and Burmese communist insurgents.

The operation against armed elements of the Wa National Union and Burmese Communist Party began on Tuesday and is being carried out in coordination with Rangoon forces.

A forward headquarters has been set up at Ban San Makok Wan, in Fang district, for the operation being carried out by forces from the 7th Infantry Regiment, the 36th Ranger Regiment, the 33rd Border Patrol Police Sub-division and Fang and Mae Ai district police.

They are receiving air support from the 41st Wing and artillery support from the 7th Artillery Battalion.

A ranger unit clashed with an armed group at Doi Khiao Hung, Mae Ai, on Tuesday shortly after the operation was launched. One insurgent was killed and another wounded in the clash.

Twelve others were subsequently arrested and sent to Mae Ai police station, from where they were taken into custody by the military.

All units participating in the operation moved towards target areas yesterday without any fighting.

Chatchai on Border Meeting, Hun Sen Visit
*BK1801145889 Bangkok Army Television Channel 5
in Thai 1300 GMT 18 Jan 89*

[Report on Prime Minister General Chatchai Chunhawan's interview with newsmen in Bangkok before departing for Kuala Lumpur on 18 January; portions recorded]

[Text] Prime Minister General Chatchai Chunhawan, in his capacity as defense minister, left this morning for Malaysia to attend the meeting of the Thai-Malaysian Border Committee. He was accompanied by members of the Thai committee, including Defense Permanent Secretary General Wichit Wichitsongkhram, Army Chief of Staff General Charuai Wongsayan, Police Director General Police General Phao Sarasin, Foreign Ministry Permanent Secretary M.R. Kasemsamoson Kasemsi and Director of the Supreme Command's Information Office Lieutenant General Narudon Detpradiyut.

On this visit, the prime minister will attend the annual meeting of the Thai-Malaysian Border Committee in his capacity as defense minister to learn about new proposals which may come up as a result of recent official reshuffle. He will also discuss with Malaysia on the Triton issue, concerning benefit haring from oil production which Thailand wants it to be half and half.

Before his departure, the prime minister granted an interview to newsmen about the visit by Prime Minister Hun Sen of the pro-Vietnamese faction in Cambodia in order to meet him. Chatchai said the meeting is scheduled for this weekend. Anyway, it will be an informal conversation just to know each other.

[Begin recording] [Chatchai] I think it will be either on Saturday or Sunday.

[Reporter] No date has been fixed?

[Chatchai] Not yet.

[Reporter] Will he discuss with you about the Cambodian problem?

[Chatchai] Yes, otherwise what should he come for?

[Reporter] Did he indicate in which capacity he is coming here?

[Chatchai] Well, I told him to come here as my friend.
[Laughter] He is invited by me.

[Reporter] Is he coming in his capacity as representative of a Cambodian faction?

[Chatchai] No, I want to know him. I have never met him before. Let us meet each other first.

[Reporter] From where is he flying in here—from Phnom Penh or from Vientiane?

[Chatchai] [Laughter]

[Reporter] Thank you. [end recording]

More on Visit

*BK1901014389 Bangkok BANGKOK POST in English
19 Jan 89 p 1*

[Excerpts] Phnom Penh premier Hun Sen's visit this weekend should not upset the Khmer resistance or disrupt the second Jakarta Informal Meeting set for February 19 to 21, a Foreign Ministry official said yesterday. [passage omitted]

The Foreign Ministry official said he hoped the resistance factions would understand Hun Sen's visit was not his first contact with Thailand.

Ministry permanent secretary M.R. Kasemsamoson Kasemsi met Hun Sen at the first JIM, as did Political Department director M.R. Thep Thewakun at JIM II's working group meet. [passage omitted]

The official said Thailand would continue efforts towards a Kampuchean solution as agreed with Vietnam, and lobbying all Khmer factions to attend JIM II is among those efforts.

Ministry spokesman Chet Sucharitkun told UPI Hun Sen's visit was a step toward peace.

"Since Hun Sen is one of the faction leaders, his talks with our leader will contribute towards settling the problem," Mr Chet said.

If Foreign Minister Sitthi Sawetsila meets Hun Sen, they are unlikely to go into details about the Khmer problem, he said.

ACM [Air Chief Marshal] Sitthi leaves for Brunei to attend the ASEAN foreign ministers meeting this weekend but will be back on Sunday.

The official said Hun Sen's visit signified the problem of domestic politics, especially coordination, where the Foreign Ministry and the National Security Council are in the dark.

Army Commander Gen Chawalit Yongchaiyut yesterday denied reports he was aware of the visit and suggested Prime Minister Chatchai Chunhawan could have misunderstood.

Gen Chawalit also denied he had met Hun Sen during two recent visits to Laos to discuss efforts to solve the Kampuchean problem and to arrange for the latter's visit here.

"I've never met Hun Sen. If you don't believe me, you can ask any officer who accompanied me on the trips," Gen Chawalit said.

If Hun Sen did arrive, he might not see him because he would be busy taking care of the armed forces guests from abroad.

Gen Chatchai said he would meet Hun Sen "on Saturday or Sunday." [passage omitted]

UK Seeking To Penetrate Defense Market
BK1901013189 Bangkok THE NATION in English
19 Jan 89 pp 1, 2

[By Phongsak Sisot]

[Text] The British government has offered to send a team of defence experts to discuss with Thai leaders a comprehensive military procurement package to set up a massive "total defence system" in what is seen as Britain's attempt to penetrate the Thai market for defence supplies to compete with the US, China and the Soviet Union.

A spokesman of the British Embassy told THE NATION yesterday that two senior ministers from Britain recently met Thai leaders in Bangkok and expressed the willingness to discuss defence procurements by dispatching a team of experts to kick off serious talks on the issue. There has been no response from the Thai government so far.

Talks have also been held on a specific plan to set up a defence system for the Eastern Seaboard [ESB], the spokesman said. He explained that the ESB defence plan has been the subject of discussions between British defence equipment companies and Royal Thai Navy [RTN] officers.

RTN Commander-in-Chief Adm Praphat Kritsanachan confirmed on Tuesday that the RTN will submit a proposal to the Cabinet for a defence system to protect the Eastern Seaboard which is being turned into a new industrial zone.

He said the plan would require an initial investment of about Bt3 billion. The RTN is interested in purchasing a radar system and missiles from Britain and buying 27-mm P-74 anti-aircraft artillery from China.

The British government is also interested in discussing with Thailand a "total defence system" in line with this country's requirements and financial affordability.

The embassy spokesman said Lord Tresgarne, minister of state for defence procurements, was in Bangkok in December when he raised the issue. Last week, Lord Glenarthur, parliamentary undersecretary of state in the Foreign Office, met Thai leaders who were also told that the British government was interested in pursuing discussions on the sale of arms to Thailand on a large scale.

The spokesman said discussions on the sale of British arms to Thailand had been held from time to time. Observers said Britain has recently stepped up her effort on this front after Thailand decided to diversify her

sources of military supplies, having bought military hardware from China and holding talks with the Soviet Union on possible arms supplies as well.

Thai sources said that the British officials had also raised the possibility of working out a financing scheme for defence procurement in case Thailand is interested in pursuing the issue with a team of defence experts from Britain.

"We have to first establish what you want to buy from us and how much are you willing to spend. You have purchased arms from China on a deferred-payment basis. We are of course ready to talk terms, depending on the outcome of the talks once they get started," the embassy spokesman said.

Thai military sources said Lord Glenarthur who met Gen Chatchai Chunhawan in his capacity as defence minister last week offered to sell a wide range of weapons to Thailand under a "total defence" system. He also offered to locate sources of funding for the purpose as well, the Thai sources said.

The package includes weapons of various types, including air, land and sea-based military equipment such as rockets and anti-aircraft weapons as well as armoured carriers. The defence system for the Eastern Seaboard is only part of the overall total defence system proposed by Britain, the Thai military officer said.

Lord Tresgarne had on Dec 28 submitted in writing a detailed plan for the "total defence system" to Prime Minister Chatchai including long-term low-interest sources of loan to finance the scheme.

The military officer who is familiar with the British offer said the issue is considered "a major decision" which has to be made by the top brass in conjunction with the government.

"Gen Chawalit (Yongchaiyut), the acting supreme commander, is personally very interested. But the total defence system would cost a considerable amount of money—in the tune of over Bt10 billion in the long term. The Eastern Seaboard defence system alone would cost Bt3 billion already," the source said.

SRV Releases 10 Fishermen Without Fines
BK1301020789 Bangkok THE NATION in English
13 Jan 89 p 2

[Excerpt] Ten Thai fishermen, the first group of 281 who Vietnamese authorities have said they would release, returned home yesterday.

The 10 flew back from Ho Chi Minh City with Foreign Minister Sitthi Sawetsila, who completed his three-day visit to Vietnam.

Vietnam agreed to release 281 Thai fishermen who were arrested for allegedly fishing in its waters over the last eight months, though the release of the remaining 271 is conditional on the payment of fines. Vietnam released the 10 fishermen yesterday without demanding fines in what Thai Foreign Ministry officials described as a "gesture of goodwill".

The Vietnamese government will release the remaining 271 Thais on the payment of a US \$500 fine for each. The amount of the fine was reduced from US\$1,000.

Sitthi said yesterday that about 600 Thai fishermen are currently being held in Vietnamese prisons. However, the minister said, the Foreign Ministry will negotiate with Vietnam for the release of the remaining Thai fishermen. [passage omitted]

Vietnam

Nguyen Co Thach on 1988 Events, Future Plans
BK1701125789 Hanoi NHAN DAN in Vietnamese
1 Jan 89 pp 1,3

["New Year's Day" interview with Foreign Minister Nguyen Co Thach, by unidentified reporter—place not given]

[Text] [Reporter] In 1988, the world situation underwent vigorous changes which left profound impressions. Which are the most prominent?

[Nguyen Co Thach] In 1988, the world witnessed many events which, over the last few decades, since the end of World War II, were thought unlikely. The most prominent one was the developing technological revolution and the fact that production forces have crossed over national borders, bringing the internationalization of the world economy to a new level, promoting the vigorous development of economic relations among countries of different social systems. Military and political alliances are no longer barriers to economic relations in the world. The EEC and the CEMA have established official diplomatic relations. The Soviet Union and the United States have held 5 summits within 3 years, and 3 other meetings in the past 12 months, which led to the ratification of the Intermediate Nuclear Force Treaty (INF) and the prospect for reducing 50 percent of strategic weapons. The first visit in 30 years by Chinese Foreign Minister Qian Qichen to the Soviet Union has promoted the Sino-Soviet summit, to be held in the first half of 1989, even though the three problems, especially the Cambodian problem, considered by China as obstacles, have not been settled.

The process of restructuring and renewal, which is being carried out in large numbers of countries in the world, especially in many socialist countries, is aimed at reforming political institutions and the economy in line with the technological revolution and the trend of internationalizing the world economy.

Nations and peoples throughout the world have become increasingly and profoundly aware of their independence and sovereignty and have vigorously struggled for peace, democracy and socioeconomic development. Many regional conflicts are being settled politically. Countries in Southeast Asia unanimously agreed for the first time at the Jakarta Informal Meeting (JIM) on the two key issues to resolve the Cambodian problem: Withdrawal of Vietnamese troops and the prevention of a return to power by the genocidal Pol Pot clique. The JIM results broke through the 10-year long stalemate and paved the way for peacefully resolving the Cambodian problem.

Most important for the world at large was the success in repelling the danger of a world war; peace is more likely to be protected, confrontation has step by step shifted to dialogue, and the cold war is becoming cooperation and the struggle to coexist peacefully. The struggle over the past four decades which took place mainly on the political and military fields, is becoming mainly an economic struggle.

[Reporter] What in your opinion were the main causes of such great developments?

[Nguyen Co Thach] The new stage of the technological revolution which started in the early seventies is leading to profound changes and big strides in all domains of life in the world. The technological revolution, which led to the feasibility of mankind's extermination, has awakened and urged mankind to resolutely struggle against nuclear weapons and to prevent another world war. The technological revolution has brought about the quick development of all nations, with the fear of being left far behind in poverty and backwardness. Nowadays, a first class power might become a second class power if it is bogged down in a limited war for 5 to 10 years; a backward country might also become an economic power within 10 to 20 years. Faced with such a challenge, all large and small developed and underdeveloped countries are compelled to engage into a global race of historical significance in terms of economy and technology. In the era of this technological revolution the challenge to countries is mainly economic, not military and political. The ever-widening economic gap is becoming a threat to the security and national defense of each country. All countries tend to vigorously reduce the burden of national defense expenses in order to concentrate all forces on this historical economic race on a global scale. Military adventures, especially military mires abroad, will pose a monumental danger to any country in the global economic and technological race. It is regrettable though that there are still warlike and adventurous circles in the world. The people can in no way relax their vigilance. Nevertheless, it is obvious that since the seventies, the number of limited wars has decreased significantly as compared to the limited wars waged since World War II.

Moreover, the technological revolution has developed production forces on a very large scale. Production forces are developing across national borders to become

internationalized production forces. Labor divisions no longer remain within the borders of a country but becomes an international labor division. International specialization and cooperation has become the economic development law of each country in particular, and of the world economy as a whole. Nowadays, a closed-door policy is suicide and opening doors is one of the necessary conditions for economic development. Although all countries, large or small, are independent, they are mutually interdependent. The larger a country is, the more dependent on other countries it becomes. The world economy has become a unified body and a unique market composed of countries of different political regimes. World economic relations are gradually breaking down the barrier of the political and military alliances established during the prolonged period of the 40 years of cold war. Mutual economic dependence among countries serves as a base for mutual dependence in security, politics, and national defense. To win a victory in the global economic race, all countries should have peace and stability. In this environment of renewed international relations, reactionary circles will shift their activities from military ways and means to economic and political ways and means.

[Reporter] Could you tell us the impact of the above situation on the remaining years of this century?

[Nguyen Co Thach] The developments of the situation in 1988 were the climax of a process started in the eighties. The developments in the past few years and especially in 1988 differed completely from those of the period of cold war during the past four decades since the end of World War II. These developments resulted from the basic economic changes and the infrastructural changes in international relations. They allow us to predict that at least in the next 10-15 years, the world will continue to develop along this trend.

[Reporter] We believe that this is the best opportunity in the remaining years of the 20th century for all countries to develop.

[Nguyen Co Thach] That's right. It must be said that all countries are facing opportunities and dangers of historic and global significance. Some countries have known how to take advantage of the rapid developments in science and technology and the internationalization of the world economic life and have strongly pushed forward national development to become developed industrial states within 10 or 20 years. Our country also has such opportunities. But, at the same time, we also face great dangers. If opportunities are missed, we will fall very quickly and sink very deeply into backwardness and poverty.

[Reporter] In your opinion, what should we do to seize these opportunities?

[Nguyen Co Thach] We are determined not to miss the opportunity again. If we miss it this time around, the extremely great dangers to the future of our nation will be unfathomable.

There are only two paths; to maintain an autarkic economy, a closed-door economy, without participating in the international division of labor, or let our national economy participate in the world economy and strive for an optimal position in the international division of labor. The path of autarky and closed-door policy is the path to backwardness and poverty. To cope with the challenges of history, the only path for us is to associate the Vietnamese economy with the world economy. That was the lesson drawn by the sixth party congress; to combine our national strength with the international strength of our time.

The world economy develops according to the laws of commodity production. No government can stand above all the countries in the world and decide prices, foreign exchange rates, credit interests, and wages, and make decisions on the balance between supply and demand, commodities and money, and so forth. To participate in the international division of labor means to accept competition and the laws of free exchange in the world. We should quickly abolish the mechanism of management based on bureaucratic centralism and state subsidies, and immediately switch to the mechanism of business accounting and stabilize all aspects of the socioeconomic life.

All these questions require that we renovate our way of thinking about the changes of historic significance in the world, especially those in world economic relations, and renovate economic management in our country. At the same time, we must train a contingent of cadres capable of weathering the great challenge of history and of the world.

[Reporter] What are the changes in Vietnam's foreign policy in view of these challenges to our nation?

[Nguyen Co Thach] The sixth party congress marked an important turning point in the development of the Vietnamese revolution, setting in motion the renovation process in all fields, including external relations, in keeping with the common trend of the world. Our task in the new situation is to resolutely carry out the strategic task of firmly maintaining peace, taking advantage of favorable external conditions, making the most of our time, and concentrating our efforts as best we can on stabilizing the economy step-by-step and creating the basis for further economic development within the next 20 to 30 years. We must also build socialism and defend the fatherland's independence while actively contributing to the common struggle for peace, national independence, democracy, and socialism. That is the strategic objective and highest interests of our people. Our entire foreign policy must serve that basic and long-term objective. We must not allow local, transient problems to distract us from the direction of this basic objective, nor

must we allow ourselves to be tricked by the enemies who want to see us distracted, weakened, and incapable of intense concentration on stabilizing and developing the economy. Our foreign policy has begun to create favorable international conditions for national construction and defense.

In the 2 years after the sixth party congress, especially in 1988, we continued to become stronger and began to renovate our all-round cooperative relations with the Soviet Union, Laos, Cambodia, and other fraternal socialist countries. We have coordinated with the Soviet Union, Laos, and Cambodia in promoting the normalization of relations with China despite the fact that China has used force to occupy a number of reefs at Truong Sa [Spratly Islands]. Along with the Soviet Union, Laos, and Cambodia, we are resolved to seek a political solution to the Cambodia issue and the question of peace, stability, and cooperation in Southeast Asia. Laos, Vietnam, and Cambodia have advanced three important documents, with Laos putting forward the document on the question of peace in Southeast Asia, Vietnam the document on solving the international aspect of the Cambodia issue, and Cambodia the statement on national reconciliation in that country. The three countries have succeeded in breaking the stalemate that had lasted for 10 years in the Cambodia issue and have contributed to paving the way for the peaceful resolution of that issue. We have made some important progress in our relations with the United States, the ASEAN countries, and other states. The promulgation of the Law on Foreign Investment, the decision to release nearly all inmates from reeducation camps, and the enactment of some policies aimed at broadening contact and international exchanges (by promoting tourism, allowing overseas Vietnamese to return to visit their families, permitting Vietnamese citizens to visit their relatives abroad, adopting the policy on Vietnamese resettlement in the socialist countries, applying the policy aimed at resolving the refugee problem...) have been highly appreciated by world opinion and welcomed by overseas Vietnamese. On the other hand, hundreds of foreign delegations composed of statesmen, researchers, and journalists, and thousands of tourists who visited Vietnam last year have also helped the world understand the renovation process in Vietnam and pushed back anti-Vietnam propaganda. The world has come to see more clearly our policy of peace and friendship and our determination to broaden relations with the outside world for the purpose of development.

Our people's struggle over the past 10 years or more has had many difficulties and complexities. However, the most difficult period is now over and we are creating favorable international conditions step-by-step for the maintenance of peace and economic development.

[Reporter] Please tell us about the prospects for resolving the Cambodian problem in 1989.

[Nguyen Co Thach] The Cambodian people, who were resurrected from the hell on earth during the genocidal Pol Pot regime and who have overcome the most acute ordeals, are now building a relatively stable life. Such a marvel took place in a short period of only 10 years, as compared with history. Vietnam has step-by-step withdrawn most of its volunteer troops and experts from Cambodia, and the People's Republic of Kampuchea still stands firmly on its feet and is increasingly consolidating, maturing, and developing comprehensively. The highest efforts of the opposition supported by foreign forces for the past 10 years cannot change the situation in Cambodia. The political solution to the Cambodia problem is now ripe.

From 1982 through 1987, Vietnam withdrew 100,000 soldiers, half of its total troops in Cambodia. The fact that Vietnam withdrew 50,000 troops in 1988 and will withdraw the remaining 50,000 by the end of 1990 has made the Cambodian problem no longer a problem involving the Vietnamese troops. This fact has exposed the true nature of the problem, the genocidal Pol Pot regime. The July 1988 Jakarta Informal Meeting (JIM) concluded that the two key issues of the Cambodian problem were the Vietnamese troop pullout and the prevention of the genocidal Pol Pot regime from returning to power. The JIM results broke through the 10-year stalemate of the Cambodian problem and have paved the way for a political solution to Cambodia. Since Vietnam withdrew 50,000 troops by the end of 1988, beginning in 1989 the struggle concerning the Cambodian problem will focus on demanding the elimination of the genocidal Pol Pot clique.

There are three ways to resolve the Cambodian problem: the first is to reach a total solution; the second is to achieve a partial solution, that is to settle the international aspect first and the internal aspect of the problem will be settled later by the various Cambodian sides; and the third is to totally withdraw all Vietnamese troops by the end of 1990 as stated, even though no political solution is reached. We wish to reach a solution so that all Vietnamese volunteer troops can withdraw home within the framework of that solution.

[Reporter]: What is your opinion of the Sino-Soviet summit by mid-1989 and the prospects for Sino-Vietnamese relations?

[Nguyen Co Thach]: We welcome the Sino-Soviet summit. The improvement of Sino-Soviet relations is a great contribution to peace in the world and in Asia and Southeast Asia.

The Soviet Union and China have overcome all obstacles to organize a summit in the first half of 1989. This demonstrates that the interests of the two countries at a high level are greater than the obstacles.

The Vietnamese and Chinese peoples have long-term and fundamental interests in restoring the relations of traditional friendship between the two countries. The problem of a third country cannot be used to interfere with the long-term and fundamental interests of the two countries. We are very interested in the recent statements made by Chinese Foreign Minister Qian Qichen reiterating the 1 March 1983 statement of the Chinese Government: "If the Vietnamese Government decides to announce the total withdrawal of its troops from Cambodia then immediately after the first Vietnamese Army unit has withdrawn the Chinese side will readily resume talks with Vietnam and exchange views on the questions of normalizing relations between the two countries. At the same time, in conjunction with the pace of the Vietnamese troop pullout, the Chinese side will take practical steps to improve its relations with Vietnam." We consider this an act of goodwill on the Chinese side. We are also interested in Chinese leaders' recent statements that along with the total withdrawal of Vietnamese troops from Cambodia under international control, all countries must completely stop military aid to all Cambodian sides. We realize that both China and Vietnam have seen the necessity of distinguishing the international from the internal aspects of the Cambodian problem, and that the international aspect should be settled first and the internal aspect for the various Cambodian sides should be settled later. The Chinese and Vietnamese stands have presented many similar points and the differing ones can be settled soon through talks between the two sides.

SRV To Respect Decisions Regarding Cambodia
BK1901103689 Hanoi International Service
in English 1000 GMT 19 Jan 89

[Text] A spokeswoman for the Vietnamese Foreign Ministry told a press conference in Hanoi on Thursday [19 January] that at the invitation of the Chinese deputy foreign minister, Liu Shuqing, on 14 January 1989, the first deputy foreign minister of Vietnam, Dinh Nho Liem, had arrived in Beijing to discuss with the Chinese deputy foreign minister on the normalization of relations between the two countries and other problems of mutual concern, including the Kampuchean issue.

Answering questions by newsmen on the prospects of solving the Kampuchean issue, the spokeswoman of the Vietnamese Foreign Ministry said: Vietnam's decision to withdraw all its remaining army volunteers from Kampuchea not later than September 1989, the visit to Vietnam by the Thai foreign minister, and the direct meeting between Vietnamese and Chinese deputies foreign ministers are creating an atmosphere of mutual understanding and cooperation with favorable conditions for an early settlement of the Kampuchean issue and for peace and stability in Southeast Asia. For this very reason, Vietnam places much hope in the fine results of the second Jakarta Informal Meeting or JIM 2.

In this regular press conference, the spokeswoman also stressed: Vietnam's consistent viewpoint is that the problems in the internal aspect of the solution to Kampuchea must be negotiated and settled by all Kampuchean sides. All foreign countries must respect the Kampuchean people's right to self-determination. As other countries, Vietnam will respect the agreement reached by all Kampuchean sides.

Le Duc Anh, Delegation Depart for Laos
BK1801153989 Hanoi VNA in English 1500 GMT
18 Jan 89

[Text] Hanoi VNA Jan 18—A military delegation led by General Le Duc Anh, Politburo member of the Communist Party of Vietnam Central Committee and defence minister, left here this morning for Vientiane to attend celebrations of the Lao People's Army's 40th anniversary (Jan. 20).

A meeting was held here today by the Vietnamese Defence Ministry to mark the event.

Present were Senior Lieutenant-General Doan Khue, vice-defence minister and chief of the General Staff of the Vietnam People's Army; Senior Lieutenant-General Tran Van Quang, vice-defence minister; Senior Lieutenant-General Nguyen Nam Khanh, deputy head of the V.P.A.'s general political department; and other senior officers. Ambassador Bouasi Chaleunsouk and Military Attache Colonel Phommachak Southiane of the Lao embassy here also attended.

Senior Lt-General Nguyen Nam Khanh and Lao Colonel Phommachak Southiane delivered speeches at the meeting hailing the glorious history of the Lao People's Army in the fight against foreign aggression and in national construction and defence, and praising the solidarity, friendship and all-round cooperation between the peoples and Armed Forces of Vietnam and Laos.

Also on this occasion, the Vietnam People's Army museum is running an exhibition on the Lao People's Army.

Australian Foreign Minister Evans Arrives
BK1901104289 Hanoi International Service
in English 1000 GMT 19 Jan 89

[Text] Australian Minister for Foreign Affairs and Trade Gareth Evans arrived in Ho Chi Minh City on Thursday [19 January] for an official friendship visit to Vietnam. He is accompanied by his wife and many high-ranking officials from the Australian Ministry for Foreign Affairs and Trade.

Mr Gareth Evans was born in 1944. He assumed attorney general, minister for resources and energy, and minister for transport. [sentence as heard] Since February 1987 Mr Gareth Evans is deputy director of the [words indistinct] in the Senate.

Visit Hailed

BK1901082789 Hanoi VNA in English 0704 GMT
19 Jan 89

[Text] Hanoi VNA 19 January—"The Vietnam visit this time by the Australian minister for foreign affairs and foreign trade, Gareth Evans, will be an important step toward promoting the mutual understanding between the peoples of Vietnam and Australia."

So said the national daily NHAN DAN in an article today welcoming the Australian minister for foreign affairs and foreign trade who is due to arrive in Ho Chi Minh City this afternoon. It continued: "The visit will help enhance the econo-commercial cooperation between Vietnam and Australia and contribute to peace and stability in Southeast Asia and the Asia-Pacific region."

"Since 1972, Australia has step by step developed its relations with the three Indochinese countries, considering this to be an important contribution to peace, stability, and development in the region. In 1973, Australia officially established its diplomatic relations with Vietnam. Since 1983 when the Labor Party came to power, the Australian Government has viewed its ties with Vietnam with more importance, gradually improved it, and contributed to the search for a solution to the Kampuchea issue. These efforts have found expression in the six-point position Australia advanced in 1983 demanding the non-return to power of the Khmer Rouge, in its proposal in 1986 for setting up a court to try the genocidal Polpotists, and in its approval of the Ho Chi Minh City agreement between Vietnam and Indonesia and the results of the Jakarta Informal Meeting. The two countries have exchanged visits of scholars, scientists, members of Parliament, businessmen, cultural workers, and journalists. Trade value between the two countries increased from 0.6 million Australian dollars in 1983 to nearly 40 million in 1987. In addition, Australia has expressed its desire to enter into joint ventures with Vietnam in the fields of mining, telecommunications, farm produce processing, and fishing."

U.S. Archbishops Urge Normalization of Ties

BK1901110189 Hanoi International Service
in English 1000 GMT 19 Jan 89

[Text] Back from a Vietnam visit, the American archbishops issued a statement calling for the normalization of the American-Vietnamese relations and demanding that the U.S. Administration remove the restrictions on humanitarian aid to Vietnam.

THE WASHINGTON POST on 17 January quoted these archbishops as saying that the normalization of relations between the two countries through diplomatic dialogue and constant contacts meets the interests of both countries. These archbishops said the seminaries in Vietnam have been extended and the number of churches increased. The

newspaper said the demand of these archbishops show that more and more circles in the United States have asked the new administration to reestablish diplomatic relations with Vietnam.

Politburo Economic Policy Session Reported

BK1801014989 Bangkok BANGKOK POST in English
18 Jan 89 p 4

[By Jacques Bekaert]

[Text] Ho Chi Minh City—The Politburo of the Central Committee of the Vietnamese Communist Party met for an extraordinary session in Ho Chi Minh City during the first week of January to review the country's foreign and economic policies and to prepare for a party plenum to take place in Hanoi in March.

During the meeting, Deputy Prime Minister and Foreign Minister Nguyen Co Thach reviewed recent developments and insisted it was time for Vietnam to think about the "post-Kampuchea" period.

According to well-informed sources in Ho Chi Minh City, Mr Thach explained that Vietnam's relations with ASEAN, and especially with Thailand were of great importance for the future of Vietnam's economy. Said one source: "Recent improvement in our relations with Bangkok have gone beyond our greatest expectations".

Mr Thach believes that the international aspect of the Kampuchean problem is practically solved, and that Hanoi should now concentrate on developing its economic ties with neighbouring nations.

The Politburo took a hard look at the evolution of the Vietnamese economy since the 6th Congress of the Communist Party in December 1986, and said there were many problems regarding the application of the many reforms decided on by the Congress.

The members of the Political Bureau agreed that the liberalisation of the economy, and the growing acceptance of a private sector had a beneficial influence on people's lives.

"The line chosen by the party is correct," a senior Vietnamese source told us, "but we have problems with the mechanism of implementation. We are also suffering from a tragic lack of competent cadres", he added.

It is partly to try to solve such problems that the authorities of Ho Chi Minh City recently allowed the creation of private schools.

Foreign investment is crucial, said the Politburo, but many points of the recently approved code regulating foreign investment need to be clarified and refined.

The establishment of a Foreign Trade office has been decided as well as that of a Central Office to Supervise Foreign Investment.

Leading the way, Ho Chi Minh City has authorised the setting up of a "Zone of Fabrication and Exportation" (Khu Che Xuat) in the district of Nha Be, where foreign companies will be free to import commodities, assemble products using low cost local labour and reexport the final products.

This is part of an attempt not only to attract foreign capital but to solve the growing problem of unemployment in Vietnam.

"We are also suffering from a deficient infrastructure" explained Mr Vu Hac Bong, director of the city's External Relations.

Last year, only 16 of the more than 70 projects presented by foreign investors were accepted, "mostly because of our lack of proper infrastructure," he added.

During the last session of the National Assembly in December 1988, several economic ministers had been harshly criticised.

According to one of our sources, the Politburo has accepted that changes should take place in the Government and the question is now being reviewed by the Council of State, although, the source believes, "the problem goes far deeper than the change of a few individuals".

Reliable sources told us that despite the efforts made by some conservative elements of the party to slow down the pace of change in the name of ideological purity, there was no turning back.

The trend toward democratisation and reform is "irreversible" one source insisted.

So far the Vietnamese press has made no mention of the Politburo meeting, because, said one source, "an official announcement has yet to be made".

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